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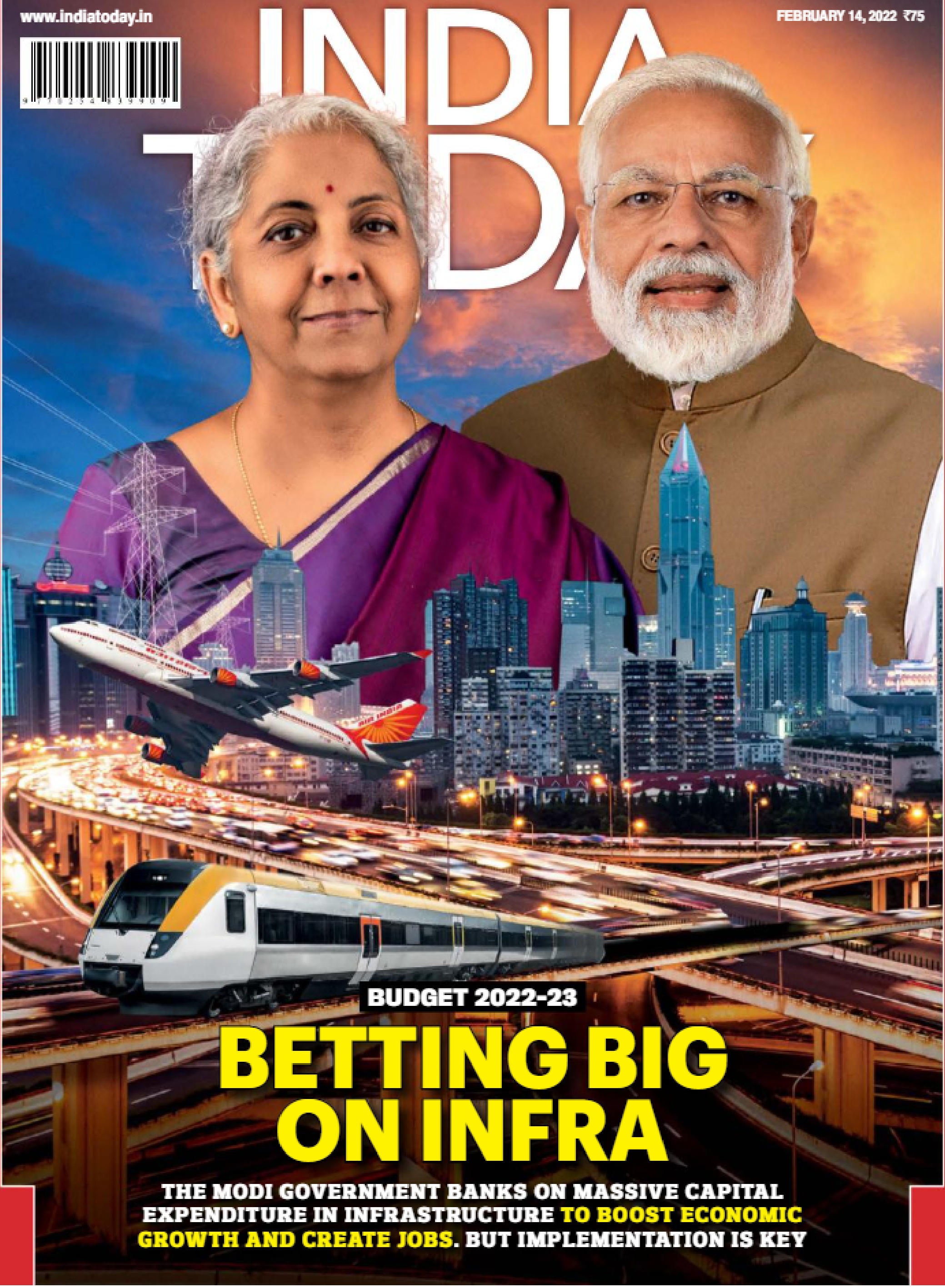

BUDGET 2022-23

BETTING BIG ON INFRA

THE MODI GOVERNMENT BANKS ON MASSIVE CAPITAL EXPENDITURE IN INFRASTRUCTURE **TO BOOST ECONOMIC GROWTH AND CREATE JOBS**. BUT IMPLEMENTATION IS KEY

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FROM THE

EDITOR-IN-CHIEF

We tend to think the worst of our politicians in view of the past behaviour of some of them. But sometimes, they surprise us. Like Finance Minister Nirmala Sitharaman did with her recent budget. It is generally assumed that the prime objective of a politician is to do whatever it takes to win elections. With five state elections around the corner, including for the critical state of Uttar Pradesh, the general expectation was that it would be a budget full of sops to woo the electorate. However, the FM managed to resist the temptation and present a budget reflecting fiscal prudence despite the pressures of the pandemic.

Ninety-three years ago, the Great Depression led to global unemployment, homelessness and collapse of trade. Studying this cataclysmic event, the economist John Maynard Keynes argued for government intervention through public policy. That's what Sitharaman has done in spades. She has announced Rs 7.5 lakh crore in capital expenditure, an increase of 35 per cent, to bring the flagging economy back to pre-pandemic levels. Her budget is laser-focused on big public spending on modern infrastructure, powered by seven growth engines—roads, railways, airports, ports, mass transport, waterways and logistics infrastructure. The government hopes this infrastructure push will generate 6 million jobs in five years. It has set aside a hefty Rs 60,000 crore for the piped water mission and promised to build 8 million houses for the urban and rural poor. It has extended interest-free loans of Rs 1 lakh crore for the states to prioritise capex. It has committed to buying Rs 1 lakh crore worth of military equipment from Indian industry, a move that will trigger a multiplier effect in the economy and generate jobs.

INDIA TODAY
BUDGET 2021
A BOLD NEW DEAL

February 15, 2021

Between 2018 and 2021, India suffered its most prolonged slowdown since 1991, according to data from the Centre for Monitoring Indian Economy (CMIE). Unemployment in India averaged 7.2 per cent in that period when global unemployment rates were 5.7 per cent. Ten million persons are thought to have lost their jobs in the second wave of the pandemic. The economy contracted by 7.3 per cent in 2020-21. Wholesale Price Inflation has been running in double digits, with the price rise in the fuel and power segments over 20 per cent. Linked to it was the fiscal deficit, the difference between what a government spends and what it earns—this has been pegged at 6.9 per cent for 2022. The government cannot continue to spend without affecting the economy. Its borrowings are already high; debt repayment makes up 20 per cent of its budget. Nearly 80 per cent of the budget is swallowed by pre-committed liabilities. There is thus very little room for manoeuvre for the government. The shadow of Omicron makes it only worse. Mercifully, the third wave was not as devastating as the second, but it has sowed uncertainty.

There was a sliver of good news—India's GDP grew at 8.4 per cent in the second quarter of this fiscal as economic activity picked up. In January, GST collections touched a record Rs 1.4 lakh crore. India will remain the world's fastest-growing major economy in 2021-24, as per the World Bank and IMF, with the latter projecting a growth of 7.1 per cent in real GDP for 2023-24. The government's Economic Survey estimates a GDP growth rate of 9.2 per cent for 2021-22. Economists say we need to grow at 10 per cent to get back to where we were before the pandemic. This explains the government's push on public infrastructure to kickstart the economy.

The government has avoided creating an urban MNREGA that would pay wages for jobs in urban areas. They have slashed rural MNREGA allocations by 25 per cent. This indicates two things—either the government believes the rural job situation is not as acute, or it is relying more on the multiplier effect of infrastructure development than on doles. But this multiplier effect will take time to filter through the economy and create the much-needed jobs. There has been some attempt to assuage farmers by committing Rs 2.37 lakh crore to procure wheat and paddy from 16.3 million farmers.

The government could have done more to immediately put money in the hands of those who have suffered the most from the pandemic—the middle class and the poor—but it just didn't have the funds if it was to meet its fiscal deficit target. Especially as its Rs 1.75 lakh crore privatisation plan, which it announced with a big bang in the previous budget, ended in a whimper. From April to December 2021, it had realised only Rs 9,364 crore. The government is hoping that the LIC listing will boost this figure by March. Even more disappointing is the fact that the figure for disinvestment for the next financial year has come down to Rs 65,000 crore, which is less than half of what it was in the previous year. We have special reports on what impact the economic downturn has had on the Indian middle class and the poor in this issue.

The perennial problem in India is implementation. Large sums are allocated, and grand schemes announced, but they don't get spent as budgeted. The central government had until December spent only 59.6 per cent of the expenditure it had earmarked in its 2021 budget. It had targeted a capex of Rs 5.54 lakh crore for the year but achieved only 49 per cent of it (Rs 2.73 lakh crore) until November. This is the biggest challenge before this government—to get the labyrinthine and inert bureaucracy to deliver. Executive Editor M.G. Arun examines how to fix the spending gap in a special report. Our budget package, 'Betting Big on Infrastructure', put together by our bureau, assesses whether the budget can put the economy on the fast track to growth and employment. We also consulted our Board of India Today Economists (BITE) for its views.

The government also outlined a blueprint for the Amrit Kaal, the next 25 years until the centenary of Indian independence in 2047. This is a laudable goal. But we need to remember another of Keynes' arguments—that governments need to solve problems in the short term rather than wait for market forces to fix things over the long run. For, as he wrote, "in the long run, we are all dead". That apart, this government is betting that its investments in infrastructure fructify in two years and the economy starts humming. Just in time for the General Election in 2024.

(Aroon Purie)

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INSIDE

UPFRONT
MAOISTS: STATE OF SURRENDER PG 6

RAJASTHAN: GEHLOT'S ACID TEST PG 10

LEISURE
SHAKUN BATRA'S IDEA OF ROMANCE PG 62

Q&A WITH BHUMI PEDNEKAR PG 68

BETTING BIG ON INFRA

The Modi government wants to put the country on a high growth trajectory by investing in infrastructure, but effective implementation is key to achieving this objective

UNION BUDGET 2022

1 BITE 20
2 IMPLEMENTATION 24
3 MIDDLE CLASS 30
4 POVERTY 36
5 DEFENCE 42
6 HEALTH 44
7 AGRICULTURE 45
8 EDUCATION 46
9 CRYPTOCURRENCY 47

COVER STORY 12

CHANDRADEEP KUMAR

ASSEMBLY POLLS 2022

GOA
48 MANDAL ON THE MANDOVI
Backward caste politics reshapes Goa's electoral map

UP
52 DOING THE DOAB
Identity or livelihood—the west UP voters's dilemma

UTTARAKHAND
54 CHARITY ENDS AT HOME
Harish Rawat's tough battle from a BJP bastion

BALLOT BUZZ
56 BALLOT BUZZ Scenes from the electoral arena

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UPFRONT

RAJASTHAN:
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TEST PG 10

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BIG HAUL Security officials in Sukma district's Malaiguda camp with the 23 Maoists who surrendered on R-Day

MAOISTS

THE STATE OF SURRENDER

By Rahul Noronha

In the past one year, as many as seven high-value Maoists operating in Madhya Pradesh have surrendered in Maharashtra and Chhattisgarh. This includes Diwakar, a divisional commander in charge of the *vistaar* operations in the newly created Maharashtra-Madhya Pradesh-Chhattisgarh (MMC) zone of the Maoists. However, not a single Maoist has surrendered in MP since 2010. The state police say they are struggling on the information front as they have little 'access' to these key operatives.

The surrenders in other states have prompted MP to introduce a draft 'Maoist Surrender and Rehabilitation Policy', in the process underlining the inadequacies of its existing 1997 version. It is also, as one source put it, a reflection of the competitive spirit between states affected by left wing extremism (LWE) when it comes to getting Maoists to surrender. A number of such states—including Odisha, Chhattisgarh, Andhra Pradesh, Telangana and Maharashtra—have tweaked their surrender policies after the Centre's 2014 Maoist Surrender and Rehabilitation Policy was unveiled, but with mixed success.

The draft policy begins by listing out the benefits and eligibility norms, and this includes both residents of MP and outsiders 'engaged in illegal activities'. It promises payment of Rs 5 lakh or the reward carried by the Maoist operative—whichever is higher—to him/ her. Besides this, an additional amount will be given for surrendered arms and ammunition. There is also a provision for amnesty for past crimes.

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Drawing from the Odisha, AP and Telangana policies, the onus on providing information pertaining to other Maoist members, source of finance, arms and ammunition would be on the surrendered operative. A state-level committee will conduct the screening and decide whether the surrender should be accepted or not but unlike, say, in Odisha, there will be no grading of operatives.

The draft policy in MP is focused more on the rehabilitation of Maoist operatives who turn themselves in. It provides Rs 6,000 a month for three months for skill upgradation and a house under the PM Awas Yojana. The rehabilitation policy also gives Rs 2,000 per month for 36 months in case the operative wishes to study, free foodgrains under the National Food Security Act, health insurance and employment as a *gopniya sainik*, a temporary job helping in intelligence gathering. In case the surrendered operative helps in liquidation/ arrest of other operatives, he/ she may be appointed as a full-time police constable. Interestingly, it also provides Rs 25,000 for the marriage of surrendering Maoists if they are single at the time.

Amnesty for past crimes—a contentious issue in all surrender policies—has also been dealt with. The screening committee will have powers to recommend withdrawal of cases for past crimes. However, since the law does not provide for amnesty in cases of serious offence, the usual practice is to not file the *challan* (chargesheet) in court for such offences. "This also helps the state keep control over the surrendered operative who may be under pressure to go back to crime," says a top MP police official. The draft policy also contains provisions for allocation of farm land, jobs and cash compensation for those who have been killed in Maoist violence. Incidentally, MP now has only three districts that are officially Maoist-affected—Mandla, Dindori and Balaghat.

India's counterinsurgency strategies have dwelt heavily on surrender and rehabilitation policies but they were rationalised and streamlined only after the national policy of 2014. Maoist-affected states have had mixed experience in executing surrender policies. MP's neighbour Chhattisgarh, where the spread and impact of Maoism has been far greater, had numerous stories of corruption and fake surrenders in the initial days of its policy.

PRIZE CATCH Maoist leader Diwakar and wife in custody in Chhattisgarh

Chhattisgarh announced its first surrender and rehabilitation policy in 2004 but it did not find many takers. Between 2004 and 2014, when the second policy was announced by the state, there were only a hundred or so surrenders. Questions were raised even then about sham surrenders and security personnel forcing foot soldiers to give up, without getting to any of the top brass. After the second policy, in 2016, some 1,160 alleged Maoists surrendered, but the central government's screening committee ruled that over 1,000 of them did not qualify as Maoists. A year earlier, the state government's screening committee too had found 75 per cent of the surrendered Maoists "ineligible" for the rehabilitation package.

Maoist- affected states have had mixed results with surrender policies; Andhra saw success, Chhattisgarh not so much

Andhra Pradesh, on the other hand, has had a far more successful surrender and rehabilitation policy, first introduced in 1993 and continuously upgraded thereafter. Between 2005 and 2015, Maoist-related offences in Andhra Pradesh dropped from 500 to two. The state's anti-Naxal Greyhound force took credit for this, but police officers in MP say the rehabilitation measures were equally responsible for it. The 'rehab programme' was focused on rural areas through the remote and internal areas development (RAID) scheme. Analysts believe the measures damaged the Maoists' search for new recruits.

But does a surrender and rehabilitation policy suggest a weakening of efforts on the operational side? "Not at all," says Sajid Farid Shapu, the Madhya Pradesh IG for Naxal operations. "The success of the Andhra model in tackling Maoism suggests that surrenders are directly proportional to the amount of pressure applied on Maoists through operations. There should be no let-up on that front. In fact, the success of the surrender policy depends a great deal on operational successes." MP is also setting up an all-tribal force to counter Maoism in their areas. It already has a dedicated armed force, 'the Hawk', deployed in eastern MP for the purpose. ■

GLASSHOUSE

RAHUL'S ROUGH START

It hasn't been a good start to the year for Congress leader **Rahul Gandhi.** First, R.P.N Singh, once a close friend, crossed over to the BJP. Then, during a recent visit to Punjab, the former Congress president found both Chief Minister Charanjit Singh Channi and party chief Navjot Singh Sidhu wanting to be named the party's chief ministerial candidate for the upcoming poll. Even as Rahul deferred that decision, saying the party would consult its workers, discord brewed in Congress-ruled Chhattisgarh too, with state health minister T.S. Singhdeo saying he was promised the CM's post in rotation with current incumbent Bhupesh Baghel. Troubles, it seems, come in battalions.

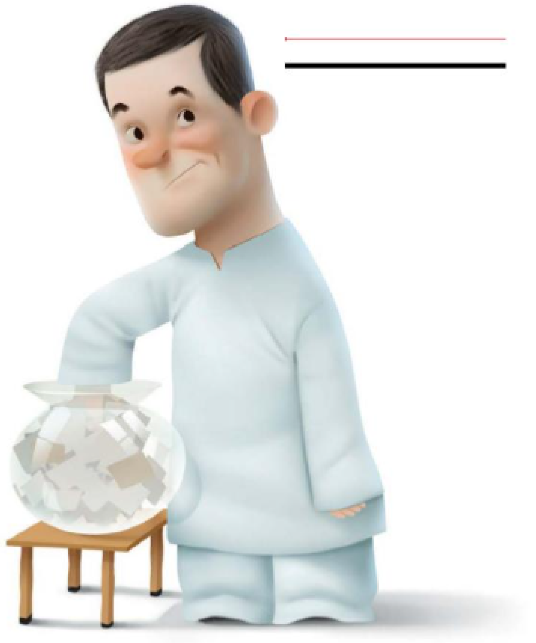
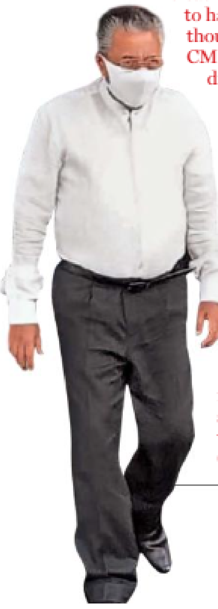


Illustration by SIDDHANT JUMDE

Who's That Man?

Kerala chief minister **Pinarayi Vijayan** is seldom seen wearing anything but his distinctive white mundu and half-sleeve shirt. A two-week treatment in the US seems to have led to a makeover, though—the homebound CM was recently spotted during a stopover in Dubai, where he had a series of official engagements and also met his son, who works there. Vijayan was almost unrecognisable in the full-sleeve white shirt and black trousers. Perhaps that was the idea—the state Opposition has been demanding he return to take responsibility for Kerala's worsening Covid-19 crisis.



ANI

Tipple Tattle

Teachers in Bihar were shocked when a January 28 order from the education department, instructing them to spread awareness on the ill effects of alcohol, asked them to also secretly inform the authorities if they found anyone involved in the illegal sale of liquor. However, a day later, education minister **Vijay Choudhary** clarified that such reporting was not mandatory. But still optional, yes?

EARLY BIRD

Although the next Telangana assembly election is due only in November 2023, there are signs CM **K. Chandrashekar Rao** could call for them early. He recently appointed 21 MLAs, three MPs and two MLCs as district presidents, and is set to name his party's state executive committee this month. All this after a five-year hiatus, but still early for the next election, surely?

–Sandeep Unnithan with Anilesh S. Mahajan, Rahul Noronha, Amitabh Srivastava, Amarnath K. Menon and Jeemon Jacob

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REET 2021 SCAM

Gehlot's Acid Test

By Rohit Parihar

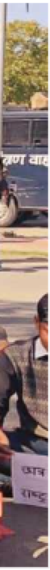
The fallout of the REET (Rajasthan Eligibility Entrance Test) scam—involving the leak of the question paper for an exam to select 31,000 teachers for state schools, conducted in September last year—has left the Ashok Gehlot government besieged. Last week, the investigation by Rajasthan Police's Special Operations Group (SOG) led to the arrest of some members of the Rajiv Gandhi Study Circle (RGSC), a Congress-backed think-tank of which Chief Minister Ashok Gehlot is chairman. One of Gehlot's close aides, Minister of State (MoS) for Technical Education and Ayurveda Subhash Garg, is the national coordinator of the RGSC.

The REET exam drew over 2.6 million applicants, of which 1.6 million sat for the paper on September 26, 2021. The scam came to light around the same time, with one early report involving the police finding out—on the day of the exam—that the paper had been leaked to persons in Kota by candidates in Sawai Madhopur in an attempt to cheat. What is more troubling are the many accusations of corruption at the very top—even in this particular incident, the kin of police officers were allegedly part of the scam. Since the investigation began, some 30 people have been arrested.

On January 20, more evidence of the scale of the operation came to light, when the SOG arrested several suspects, including a man named Bhajanlal Bishnoi, who was apprehended in Gujarat. Following the interrogations, Rajasthan Director General of Police M.L. Lather says, "It appears that the first deal to sell the question paper was for Rs 5 crore, after which a few hundred others were sold the paper for anything up to Rs 15 lakh." There are also suspicions that ministers and/ or leaders in the state PCC (Pradesh Congress Committee) facilitated the scam.

SOME MEMBERS OF THE RGSC, A CONGRESS-BACKED THINK-TANK OF WHICH CM GEHLOT IS CHAIRMAN, HAVE BEEN ARRESTED

Chief Minister Gehlot has been personally responding to the crisis, attempting to undo the reputational damage his government has suffered. He has stood by the arrests. "Nobody will be spared," he said. "I was once quoted in INDIA TODAY as saying that every mistake deserves a punishment. I stand by that when it comes to the REET paper leak also." On January 30, Gehlot also sacked D.P. Jaroli, the chairperson of the Rajasthan Board of Secondary Education, another member of the RGSC. Three other officials were suspended, even while the SOG racked up its arrest count to 36. The CM also set up a committee, headed by former High Court Justice V.K. Vyas, to improve the security of all exam-based



THE CONTINUING SCANDAL (Facing) Protesters demand a CBI inquiry into the REET scam; (inset) sacked chairman of the state board of secondary education D.P Jaroli; CM Gehlot with MoS Subhash Garg

recruitment processes and announced that laws will be enacted to increase the seriousness of punishments.

Nonetheless, these efforts have not doused public anger. Opposition leaders have also remained relentless in their attack, aided by the frequent revelations from the investigation. Kirodi Lal Meena, a BJP MP who has been among the government's fiercest critics through the crisis, has been demanding that the investigation be handed over to the CBI (Central Bureau of Investigation). He says the entire REET process was a money-making exercise, and that there was corruption in every step. He has especially targeted Govind Singh Dotasra, PCC president and education minister at the time the exam took place, as well as MoS Subhash Garg. In 2020, Gehlot had made Dotasra PCC chief in place of Sachin Pilot. Garg is an MLA from the Rashtriya Lok Dal and a minister, known to be close to the CM.

Meena has also accused Dotasra of arranging for the paper to be leaked through a coaching institute in his constituency, Sikar, alleging that a bank of 2,000 questions from which the final paper was to be set was also sold. He argues that only a CBI inquiry will do, saying leaders holding sensitive offices are involved. Vasudev Devnani, a BJP MLA and former education minister, says, “There is no smoke without fire, and in this REET fire, the Gehlot government has been severely harmed.”

On January 30, Meena made an explosive allegation, saying nine RGSC members had been ‘handpicked to oversee’ the REET examinations in important districts, allegedly to facilitate cheating. In Jaipur, for example, the person chosen, he says, was Pradeep Prashar, despite him having no other official position. Ram Kirpal Meena, who runs an educational institute, was chosen as deputy coordinator, against oral orders. Both Prashar and Ram Kirpal have been arrested—the latter is believed to have been part of the group handling the transport of question papers from the education department's strongroom at its HQ in Jaipur to the various districts. The leaked paper is believed to have been stolen at this point. There is also evidence that Jaroli was present in the building when this happened, though he has denied it.

Responding to the allegations, Dotasra has said the SOG should be given time to complete its investigations. Garg says he is being targeted because of his quick political rise, and also attempted to spin the accusation back, suggesting that the SOG probe whether Meena himself has links to gangs involved in similar crimes. And despite demands that the REET results be cancelled and the exam be conducted again, CM Gehlot has refused, saying it would be unfair to those who qualified honestly. The state is also opposed to a CBI inquiry, likely fearing the BJP-led central government will use it to embarrass the Rajasthan government.

Yet, the fallout of the scam does not look like it will be going away anytime soon, already ranking on par with the crisis that enveloped the state during the failed Pilot rebellion in 2020. Incidentally, Pilot himself has long been opposed to both Garg and Dotasra. He recently broke his silence on the REET issue, arguing for a transparent inquiry and for the guilty to be punished to restore people's confidence in the system. Opposition members hope the Rajasthan High Court, which is hearing petitions to cancel the REET results and order a CBI inquiry, is disposed to do the latter. One way or another, the road ahead for Rajasthan Chief Minister Ashok Gehlot is a rocky one. ■

THE PRICE OF A LEAK

₹5 crore

THE AMOUNT THE QUESTION PAPER IS BELIEVED TO HAVE BEEN SOLD FOR IMMEDIATELY AFTER IT WAS STOLEN

51

THE NUMBER OF APPLICANTS PER POST IN THE 2021 REET: THERE WERE 31,000 POSTS AND 1.6 MILLION CANDIDATES

36

THE NUMBER OF PEOPLE ARRESTED IN THE ONGOING INVESTIGATION SINCE THE REET SCAM CAME TO LIGHT

BETTING BIG ON INFRA

The Modi government wants to put the country on a high-growth trajectory by opening the purse strings for infrastructure development rather than offer palliatives. But effective implementation holds the key to achieving this ambitious objective

By M.G. ARUN, SHWWETA PUNJ & ANILESH S. MAHAJAN

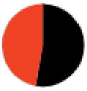
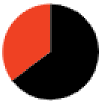
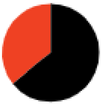
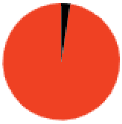
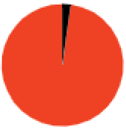
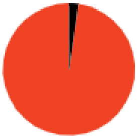
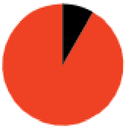
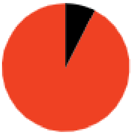
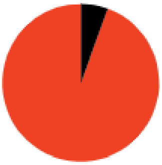
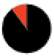
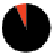
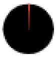
When finance minister Nirmala Sitharaman set out to plan Union Budget 2022-23, the challenges before her were humongous. Top on the list was finding ways and means to create jobs for the 53 million who were unemployed as of December 2021, as per data from the Centre for Monitoring Indian Economy (CMIE). Much of the devastation was caused in 2020-21 when two waves of the pandemic wrecked the Indian economy and pushed it into degrowth—dire straits last experienced only 40 years ago. It had crippled businesses across sectors, more so the MSMEs (Micro, Small & Medium Enterprises) that accounted for the bulk of employment.

Meanwhile, fuel and food inflation reared its ugly head, driven by a steep rise in international prices of crude oil, bring-

Photograph by CHANDRADEEP KUMAR

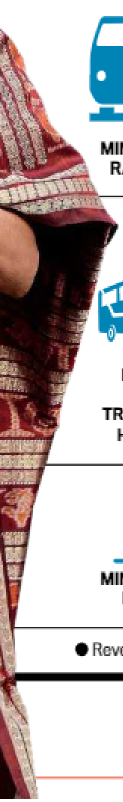
35% Increase in capital expenditure compared to the budgeted expenditure of last financial year

SPENDING PRIORITIES

MINISTRY	BUDGET ESTIMATE 2021-2022	REVISED ESTIMATE 2021-2022	BUDGET ESTIMATE 2022-2023
MINISTRY OF HOUSING & URBAN AFFAIRS	 28,821.99 25,759.01 54,581	 47,893.76 25,956.5 73,850.26	 49,208.45 27,341.01 76,549.46
MINISTRY OF PORTS, SHIPPING & WATERWAYS	 1,519.35 183 1,702.35	 976.57 608.8 1,585.37	 1,135.19 574.31 1,709.5
MINISTRY OF RAILWAYS	 2,954.64 1,07,100 1,10,054.64	 2,956.12 1,17,100 1,20,056.12	 3,267.13 1,37,100 1,40,367.13
MINISTRY OF ROAD TRANSPORT & HIGHWAYS	 9,870.89 1,08,230.11 1,18,101	 9,898.44 1,21,250.63 1,31,149.07	 11,363.71 1,87,744 1,99,107.71
MINISTRY OF POWER	 13,757.03 1,564.97 15,322	 14,236.38 1,085.62 15,322	 16,061.63 13.11 16,074.74

● Revenue expenditure ● Capital expenditure ● Total (Rs cr) *Source: Finance Ministry*

Graphics by TANMOY CHAKRABORTY



ing misery to consumers. On the brighter side, the economy was lately showing signs of recovery, though somewhat stymied by the third Covid wave caused by the Omicron variant. The economy grew 8.4 per cent in the second quarter of the current fiscal but was nowhere near its potential for growth.

Sitharaman decided that rather than dispense doles, she would pump-prime the economy by giving a massive boost to public spending. She increased the government's capital expenditure (capex) by a whopping 35 per cent—from the budgeted expenditure of Rs 5.54 lakh crore in 2021-22 to Rs 7.5 lakh crore in 2022-23, which comes to 2.9 per cent of the GDP. The figure includes Rs 1 lakh crore worth of interest-free loans to states for projects they may want to take up. Sitharaman put much of the capex on infrastructure in sectors she described as the 'seven engines of growth': roads, railways, airports, ports, mass transport, waterways, and logistics. "All seven engines will pull forward the economy in unison," she said. These will be complemented by energy transmission, IT communication, bulk water and sewerage, as well as social infrastructure.

SITHARAMAN HAS FOCUSED MUCH OF THE CAPEX ON THE 'SEVEN ENGINES OF GROWTH': ROADS, RAILWAYS, AIRPORTS, PORTS, MASS TRANSPORT, WATERWAYS AND LOGISTICS

"The budget is full of possibilities for more infrastructure, more investment, higher growth and more jobs," Prime Minister Narendra Modi said on February 2. Over the years, the Modi government has been increasingly banking on infrastructure creation to pull the economy out of the slowdown. Budget 2022-23 comes on the back of four years of high infra outlays—Rs 3.36 lakh crore in FY2020, Rs 4.39 lakh crore in FY2021, Rs 5.54 lakh crore in FY2022, and now Rs 7.5 lakh crore in FY2023. In 2019, the government had launched the ambitious Rs 102 lakh crore National Infrastructure Pipeline (NIP).

At a time when two key drivers of economic growth—consumption demand and private investment—had considerably slowed down because of the pandemic, the Centre aims to ignite the supply side triggers of the economy. This, Sitharaman believes, will create enough avenues for growth in the medium to long term, which, by her calculation, would pave the way to more jobs that can drive consumer spending and demand. "The overarching theme of the budget is restoration of growth and creating gainful employment," T.V. Somanathan, finance secretary, told INDIA TODAY. "We believe employment will be created through growth and not through palliatives. Growth is the best creator of employment and to do that, we have gone for a big increase in capex, which is acknowledged to have a high multiplier effect on the economy." Therefore, he added, the limited resources at the government's disposal were deployed in that direction.

THE SEVEN GROWTH ENGINES

The instrument that the Centre plans to use to channelise this huge increase in government spend is 'PM GatiShakti', which takes a transformative approach to economic growth. The scope of the PM GatiShakti National Master Plan will encompass the seven engines for economic transformation, seamless multimodal connectivity and logistics efficiency. It will also include the infrastructure developed by the state governments, as per the GatiShakti Master Plan.

The touchstone of the Master Plan will be world-class modern infrastructure and logistics synergy among different modes of movement—both of people and goods—and location of projects. "In a condition of depressed demand, policymakers and economists have two choices. One, to let demand revive by putting money in the hands of people. The other route is through massive public works," says Vinayak Chatterjee, infrastructure expert and chairman of CII's National Council on Infrastructure. "India has made a clear choice of nurturing growth through public investment."

Economists and industrialists say that the capex proposals, which are largely in infrastructure, have a higher employment elasticity and a large multiplier impact on private consumption.

"PUBLIC INVESTMENT MUST CONTINUE TO TAKE THE LEAD AND PUMP PRIME PRIVATE INVESTMENT AND DEMAND IN 2022-23"

– NIRMALA SITHARAMAN
Union Finance Minister

GETTY IMAGES

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DELHI POLICE
DELHI POLICE

6.9% of GDP–fiscal deficit in the current year as against 6.8% projected in the budget estimates

8,595 mn Passengers the railways is gearing up to carry in fiscal 2022-23

“THE AIM IS TO DEVELOP SIGNALS TECHNOLOGY INDIGENOUSLY AND MAKE IT WORLD CLASS FOR EXPORT TO COUNTRIES THAT USE A VERY GOOD RAILWAY NETWORK”

– ASHWINI VAISHNAW

Union Minister for Railways, Communications and Electronics & IT

DELHI POLICE

MANEESH AGNIHOTRI

“The capital expenditure is likely to crowd in private investment and support economic growth,” says Ajay Piramal, chairman of the Piramal Group. “For every Rs 1 crore of capex, economic production grows by Rs 2.45 crore.” Moreover, modern infrastructure and multimodal connectivity will help in efficient transport of goods and people, which are key inputs for all businesses, adds Piramal. According to Varun Berry, MD of Britannia Industries, the capex hike “will induce demand for services and manufactured inputs from large industries and MSMEs, and help farmers through better infrastructure”.

How does the government plan to boost the seven engines of transformation? A brief analysis:

HIGHWAY TO GROWTH

Much of the Modi government’s infrastructure push is on highways. The Centre plans to expand the National Highway network by 25,000 km in 2022-23, boosting it by one-fifth of the total of 136,440 km. As much as Rs 20,000 crore will be mobilised through ‘innovative financing’ to complement the public resources. Roads and highways capex for the next fiscal is only 0.8 per cent higher than revised estimates of fiscal 2022. As a Crisil analysis notes, the entire Rs 1.88 lakh crore is via gross budgetary support, which is 55 per cent higher than the current fiscal. For roads, the government has not provisioned for any external budgetary resources. Isha Chaudhary, director, Crisil, explains that with soaring debt of the National Highways Authority of India, the government will directly spend the money. Ten per cent of the funding will come from asset monetisation where roads and highways have seen success.

Getting the private sector on board is expected to be the government’s big challenge, even as it hopes to ‘crowd in’ private investment through a massive public expenditure push. Vijay Chhib-

MUCH OF THE MODI GOVERNMENT’S CAPEX PUSH IS ON HIGHWAYS. THE CENTRE PLANS TO EXPAND THE NATIONAL HIGHWAY NETWORK BY 25,000 KM IN 2022-23

> **“THE OVERARCHING THEME OF THE BUDGET IS RESTORATION OF GROWTH AND CREATING GAINFUL EMPLOYMENT”**
>
> **–T.V. SOMANATHAN**
> *Finance Secretary*

REUTERS

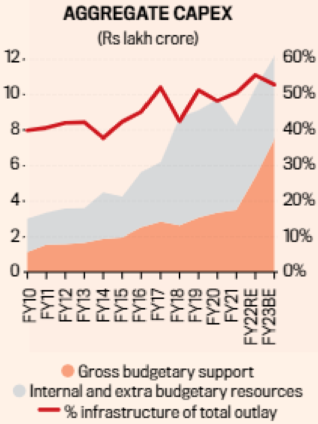
ber, former Union secretary of the ministry of roads transport and highways, says that the government has made its intent to push infrastructure creation clear but “we shouldn’t be taking our eyes off the private sector. The government is going the extra mile; they have done a great job in putting allocations in place. An equally special effort should be made to get the private sector in”. According to a written reply by roads transport minister Nitin Gadkari in Parliament, private sector investment in road construction till November 2021 stood at Rs 15,164.2 crore; in 2020-21, it was Rs 12,475.5 crore and Rs 21,926 crore in 2019-20.

The Modi government has been working with different models of public-private partnership and is constantly reviewing model concession agreements of various modes of road construction under PPP. There is a concern that 25,000 km of highway expansion in FY2023 might be too ambitious, considering the average was 6,000 km in the current fiscal for nine months and 13,200 km in the last fiscal. Measures like lowering the eligibility criteria in Hybrid Annuity Model projects and making monthly payments to the concessionaire instead of milestone-based payments have helped. A study by CredAvenue found that only 5 per cent of the projects to be executed till FY25 had been completed till November 2020. In FY21, 13,298 km of highways were constructed across India.

ON THE FAST TRACK

The other big infra push in fiscal 2022-23 will be for the railways, which is gearing up to carry 8,595 million passengers, almost 2.5 times the number it carried in the previous year, apart from ferrying 1,475 million tonnes of cargo. The railways has set a revenue target of Rs 2.39 lakh crore for fiscal 2023, 18 per cent higher than 2021-22. Sitharaman also announced provisions for two of railways minister Ashwini Vaishnaw’s pet projects. One of them is ‘Kavach’, the indigenously developed signals technology, and the other is to scale up the production of Vande Bharat trains and introduce 400 such new train sets over the next three years.

THE NUTS AND BOLTS

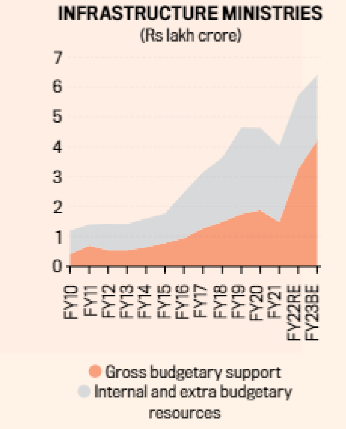


AGGREGATE CAPEX

(Rs lakh crore)

CHANDRADEEP KUMAR

Both aggregate capex and infrastructure spending rose sharply in FY2021



Source: Crisil

> A BIG BUDGETARY PUSH IN FY23 IS FOR THE RAILWAYS WHICH HAS SET A REVENUE TARGET OF Rs 2.39 LAKH CRORE, 18% HIGHER THAN IN 2021-22

This year, the railways received a budgetary allocation of Rs 140,367 crore, 16.9 per cent higher than the previous year's revised expenditure figures of Rs 120,056 crore. Apart from this, the railways get around Rs 1 lakh crore from extra budgetary support, debt, earnings from PSUs, etc. The public transporter also raises about Rs 10,000 crore internally. The budget has allocated Rs 15,710.44 crore for the Dedicated Freight Corridor (DFC), whose assets will be monetised by the railways for operations and maintenance. But till the time private investment comes in, Vaishnaw is getting PSUs to work and has got funds allocated for them.

Vaishnaw is hopeful that the target of running 400 train sets will be achieved in the next three years. These train sets give a better passenger experience as they provide closed gangways, ensuring a dust-free environment, along with other facilities. Since these trains have faster acceleration and deceleration, the duration of journey and turnaround time are much shorter than conventional trains. The upgrade of signals under the Kavach programme will cover 2,000 km of tracks this year. "The aim is to develop the technology indigenously and make it world class for export," says Vaishnaw. "It should be exported to countries that already use a very good railway network."

OTHER BIG FOCUS AREAS

To enable faster travel in cities and boost mass transportation services, Sitharaman made a budgetary provision of Rs 19,130 crore for accelerating laying of metro networks. Last year, Rs 18,978 crore were spent on these projects. Along with the Delhi Metro Rail Corporation's (DMRC) metro network in the National Capital Region (NCR), metro trains are operational in Lucknow, Mumbai, Bengaluru, Kochi, Hyderabad and, most recently, Kanpur. In addition to this, the budget made provisions for connecting satellite towns with the big urban centres through the Regional Rapid Transit System (RRTS). The first of its kind network in the NCR region is under construction by the National Capital Region Transport Corporation (NCRTC) and has a capital outlay of Rs 4,710 crore. In the past one year, work has been progressing on the 82-km-long Delhi-Ghaziabad-Meerut RRTS corridor. It will have 25 stations, including two depots and a stabling yard. NCRTC has started construction of 56 km of the corridor.

Airports are one of the pillars of the PM GatiShakti programme. The

REUTERS

budget has allocated Rs 10,667 crore to the civil aviation ministry for 2022-23, with an allocation of Rs 600.7 crore for its flagship regional connectivity scheme UDAN. In 2021-22, the ministry was allocated Rs 3,224 crore but the Air India divestment made its expenses soar to Rs 72,652 crore. With the aviation sector in the doldrums after two years of the pandemic, there were expectations of an excise duty cut on ATF (aviation turbine fuel), but the budget skipped giving any direct relief to the sector. ATF accounts for 25-40 per cent of an airline's operating cost. According to an ICRA report, some states levy as high as 25-30 per cent VAT (value added tax) on ATF.

Around 95 per cent of India's trading by volume and 70 per cent by value is done through maritime transport. India has 12 major and 205 notified minor and intermediate ports. Under the Sagarmala National Perspective Plan, six new mega ports will be developed. India is the 16th largest maritime country, with a coastline of about 7,517 km. The government has allowed FDI of up to 100 per cent under the automatic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports. For 2022-23, the Centre has budgeted an expenditure of Rs 16,074.74 crore for the ministry of ports, shipping & waterways, higher than the Rs 15,322 crore revised estimates in 2021-22.

Sitharaman made provisions for intensifying work to implement the PM GatiShakti National Master Plan. The World Bank estimates India's average logistics costs at around 14-16 per cent of GDP as against 6-8 per cent for advanced economies, such as the US and China.

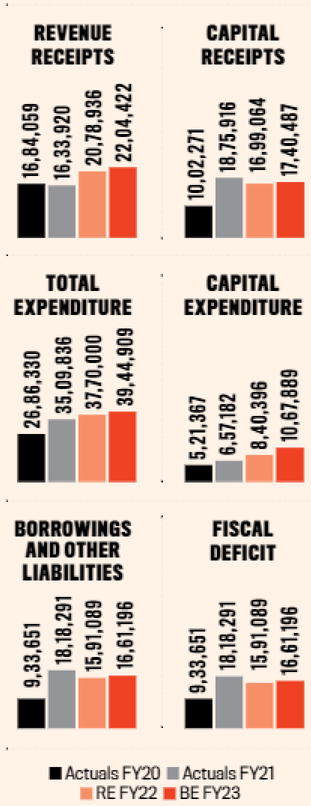
WATCH OUT FOR BOTTLENECKS

The government's big infrastructure push holds a lot of promise. Sitharaman is banking on it to have a multiplier effect for the entire economy. An increased demand for steel, cement and other key items to build infrastructure is expected to result in expansion of production capacity, and thereby create jobs. The government hopes to generate about six million jobs in the next five years. But a lot depends on how funds are allocated on time and work on various projects are completed within the specified deadline so that major cost escalations can be avoided. Many projects get caught in red tape and face inordinate delays in acquisition of land. Sitharaman talked about the Modi government having reduced over 25,000 compliances and repealing 1,486 Union laws in recent years, but ease of doing business remains a big concern for investors.

In the meantime, the government could have taken measures to put more money

> THE INFRA PUSH IN THE BUDGET HOLDS THE PROMISE OF A MULTIPLIER EFFECT ON THE ENTIRE ECONOMY. AN INCREASED DEMAND FOR STEEL, CEMENT AND OTHER BUILDING ITEMS WILL SPUR JOB CREATION

BUDGET AT A GLANCE



Figures in Rs crore; BE: Budget estimate; RE: Revised estimate

Source: Ministry of Finance

into consumers' hands, in both rural and urban areas. The FMCG industry had shrunk 1.8 per cent by volume year-on-year in the December quarter—its first decline in five quarters—on falling rural demand. Weak demand is likely to be exacerbated by potentially higher inflation at a time when crude oil prices are hovering around $90 a barrel internationally.

Budget watchers had expected that the government would create something like an urban jobs guarantee scheme, which did not happen. "There were some notable misses in the budget, such as under-provision for MNREGA, food, fertiliser and petroleum subsidies, and inadequate attention towards the health infrastructure and Covid vaccination," says D.K. Srivastava, chief policy advisor, EY India. However, he added, the budget has left some unused additional fiscal space, which can enable the government during the course of the year to make good the under-provisions through suitable supplementary budgets or accelerate the pace of fiscal consolidation.

The government intends to keep spending to boost economic activity without immediately thinking of tightening its purse strings, but doing it gradually over a period. The revised fiscal deficit in the current year is estimated at 6.9 per cent of GDP as against 6.8 per cent projected in the budget estimates. The fiscal deficit in 2022-23 is estimated at 6.4 per cent of GDP, which Sitharaman said is consistent with the broad path of fiscal consolidation or the 'fiscal glide path' she announced last year to reach a fiscal deficit level below 4.5 per cent by 2025-26.

Sitharaman said the budget projects a vision for the economy for the next 25 years—a period she described as "Amrit Kaal"—leading to 100 years of India's Independence. Many experts stress the importance of implementation of these big infra plans as the key to success. As per data from the Controller General of Accounts (CGA), eight months into FY2021-22 (data is available only till November 2021), as much as 40 per cent of the money set aside by the Centre for expenditure was yet to be spent. According to the CGA, the government's total expenditure till November was Rs 20.7 lakh crore as against Rs 34.8 lakh crore earmarked in Budget 2021-22 (see *Fix the Spending Gap,* page 24). "It's one thing to make funds available, another to get projects implemented. There is work to be done on the ground—awarding tenders, obtaining permissions. The Department of Economic Affairs intensively monitored capex last year and will continue to do so. We are optimistic that departments will do better this year," says Somanathan. Quicker implementation is also necessary to ensure that the fruits of this exercise result in putting India on a higher growth trajectory so that the larger targets of creating more jobs and improving people's lives become a reality, sooner rather than later. ■

> **"THERE WERE NOTABLE MISSES IN THE BUDGET, SUCH AS UNDER-PROVISION FOR MNREGA, FOOD, FERTILISER AND PETROLEUM SUBSIDIES, AND INADEQUATE ATTENTION TO HEALTH INFRASTRUCTURE AND COVID VACCINATION PROVISIONS"**
>
> **– D.K. SRIVASTAVA**
> *Chief Policy Advisor, EY India*

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SUBHASH CHANDRA GARG
Former Finance Secretary

KEEPING A STEADY COURSE

Union Budget 2022-23 expands on the policies and intent of its predecessor while increasing capital expenditure, especially on infrastructure, to spur growth as well as jobs. The **Board of India Today Experts** delivers its verdict

Q. 1. Will the proposals in the budget create the new jobs so badly needed today?

● **SUBHASH CHANDRA GARG:** The budget seems to be jobs neutral. No new programmes were announced and all existing ones continue as is. There is no new infrastructure spending either.

● **N.R. BHANUMURTHY:** One highlight of the budget is the continued focus on increasing government capital expenditure (capex). A sharp increase by 35 per cent in the capex and including the states in this revival strategy is certainly the way to go in the post-pandemic period. As these expenditures are expected to crowd in private investments, the overall impact on growth is going to be substantial and is expected to improve the potential growth in the medium term. If the economy realises these positive outcomes, we are sure to see more jobs created. Crucially, the capital expenditure proposals are largely on infrastructure and that has higher employment elasticity as well as larger multiplier impact on private sector employment. But it could take time, at least until the projects are grounded. There are a few other proposals that are a continuation of the Aatmanirbhar Bharat package introduced during the pandemic, which should help create jobs in the economy.

● **ADITI NAYAR:** The Union Budget FY2023 has focused on the PM GatiShakti projects that would be driven by investments in core economic sectors, such as roads, railways, airports, ports, mass transport, waterways and logistics, which should support job creation.

An early implementation of the 24.5 per cent expansion in the budgetary allocation for capital spending to a substantial Rs 7.5 trillion can trigger a durable economic growth momentum, with the potential to create jobs. The interest-free special assistance of Rs 1 trillion to the states will help them prioritise capex even as they transition to the end of the GST compensation era. However, these loans would entail a shift in the execution risks from the Centre to the state governments. An early start to such spending will be imperative to maximise the growth impulse and job creation potential of this capex, and will be monitored closely as the year progresses.

N.R. BHANUMURTHY
Vice-Chancellor,
B.R. Ambedkar School of Economics University

ADITI NAYAR
Chief Economist,
ICRA

DHARMAKIRTI JOSHI
Chief Economist,
CRISIL

> “A highlight of the budget is the focus on increasing capex—a sharp increase of 35 per cent and including states in the revival strategy is certainly the way to go”
>
> – N.R. BHANUMURTHY

● **DHARMAKIRTI JOSHI:** The expectation, implicit in the budgetary proposals, is that more employment opportunities will be created by lifting growth potential. This can only happen gradually and is contingent on successfully driving the investment cycle. In the context, expansion and extension of the Emergency Credit Line Guarantee Scheme (ECLGS) scheme for micro, small and medium enterprises (MSMEs), which are labour intensive, provided indirect support to employment.

Increased allocation for other labour-intensive schemes such as the PM Awas Yojana (PMAY) and PM Gram Sadak Yojana (PMGSY) will also help create assets and employment. But these will only be a mild push to employment generation in the near term.

The urban poor will have to wait for revival and broad-basing of growth to lift their boat, as there is no scheme equivalent to the ones in rural areas to provide a buffer.

Q ▸ Public investment apart, will the budget help kickstart private investment?

● **SUBHASH CHANDRA GARG:** Private investment in manufacturing and infrastructure will be kickstarted when the government privatises inefficient public sector units or clears policy cobwebs (like it has done in telecom) or when it provides viability gap funding or monetises public assets. There were no such new announcements.

● **N.R. BHANUMURTHY:** Private investments are determined by various factors apart from public investments, like expected demand, interest rates and other transaction costs. External demand is already at an elevated level while the revival in domestic demand could take a while. Interest rates are largely driven by inflation. While there are upward pressures on interest rates due to open-economy issues, at least the budget proposals do not appear to be inflationary. It may not crowd out private investments. Proposals to reduce the customs duties on a few items, too, should help encourage private investments, although we expected some more reduction in the tariff lines. But, most importantly, the proposals of PM GatiShakti are going to bring down the logistics costs and, thereby, overall cost of doing business, and make domestic firms more competitive. Other proposals, like extension of ECLGS to MSMEs, of PLI scheme, tax incentives for SEZs and new manufacturing firms, etc., should also help revive private investments.

● **ADITI NAYAR:** An early kickoff of the public spending programme, including by states, can help generate meaningful employment and boost consumption. This will hasten capacity expansion by the private sector, which is otherwise expected to broad-base only by the end of this calendar year.

● **DHARMAKIRTI JOSHI:** The budget’s focus is on stoking growth via infrastructure-focused investments. Capital expenditure by the Centre has been budgeted to rise 35.4 per cent over fiscal 2022RE. Total capex growth (budgetary capex plus revenue grants for capital creation and capex by central public sector enterprises), however, is projected to slow to 14.5 per cent.

The government’s current focus on capex is important as the private investment cycle is yet to revive. Large private corporates have been deleveraging and are well-placed to undertake investments, but are being cautious due to the Covid-induced uncertainty, besides low-capacity utilisation and overinvestment in previous boom cycles.

Public investments in infrastructure have a higher multiplier effect on the economy and are known to crowd in private investments. Additionally, private investment is expected to benefit from the production-linked incentive (PLI) scheme, which has the potential to generate Rs 2.5-3.0 lakh crore in capex across 14 sub-schemes between fiscals 2023 and 2025.

> “An early kickoff of the public spending programme, including by the states, can help generate meaningful employment and boost consumption”
>
> – ADITI NAYAR

Q Can the budget revive consumption?

SUBHASH CHANDRA GARG: The government continues with its package of income support to people—NREGA, Kisan Samman Nidhi, old age income support and some provident fund type of support to new and reengaged workers in EPFO-registered organisations. The free ration scheme seems like it could be discontinued from April 1. So, there's no new push to revive consumption. Whatever, minus the food support, has been there will continue.

N.R. BHANUMURTHY: While there are no direct proposals (such as tax cuts or cash transfers), the overall additional gross borrowing of Rs 16.6 lakh crore should trigger private consumption through various channels, provided those proposals do not lead to inflation. However, on a durable basis, private consumption is expected to revive once jobs are created in the economy. The budget proposals, provided they are implemented quickly and efficiently, have the potential to create jobs and, hence, private consumption. Reduction in GST is one major way to revive consumption, but this is outside the purview of the budget.

ADITI NAYAR: Other than the aforementioned consumption impetus of government capex, MNREGA remains key to imparting stability to rural non-farm consumption.

While the government has assumed a low growth of revenue spending in the budget for FY2023, higher welfare spending on free foodgrains and MNREGA, in case of a moderate to severe Covid wave in FY2023, can't be ruled out. We believe it is appropriate that such higher spending was not built into the Budget Estimates. Such allocations can always be enhanced through supplementary budgets over the course of the year, once the need arises.

> "There's no new push to revive consumption. Whatever, minus the food support, has been there will continue"
>
> – SUBHASH CHANDRA GARG

DHARMAKIRTI JOSHI: The budget steered clear of a definitive consumption push to support economic recovery. The subsidy bill has also been reduced 26 per cent in fiscal 2023. Nonetheless, private consumption will increase because of increased allocation to employment generating schemes such as PMAY and PMGSY.

The urban poor also needed support as almost two-thirds of the contact-based services, which have been hit hard by the pandemic, are in urban areas. The absence of any specific measures for them means they will have to wait for recovery in contact-based services for income augmentation and, thereby, consumption.

Q Has the budget done enough to bring about a full economic recovery?

SUBHASH CHANDRA GARG: India has fully recovered from the pandemic shock with India's 2021-22 GDP gaining about 1 per cent plus over pre-pandemic 2019-20 GDP. Hopefully, Covid-19 will also be behind us soon or will become endemic. It is time to get back to a normal growth path.

N.R. BHANUMURTHY: The policies meant to help the economy recover from the pandemic were initiated in May 2020 when the Aatmanirbhar Bharat Package was unveiled. What this budget has done is simply continue some of those policies with more allocations. At the same time, the budget has kept the growing inflationary pressure in mind, which could have been a by-product of the recovery process—this is happening across the advanced countries right now. In my view, given the resource constraints and with growing public debt concerns, the budget has ensured a fine balance between growth aspirations and fiscal challenges and these measures should help provide a medium-term growth push.

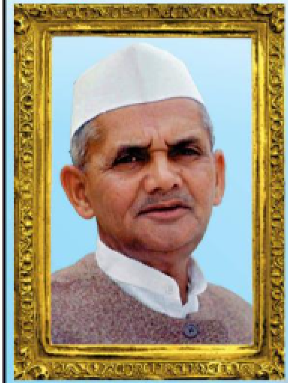
● **ADITI NAYAR:** We do believe that higher capex can kickstart a durable growth recovery. However, the higher government borrowing programme has hardened G-sec yields. With inflation likely to remain elevated in FY2023, the repo rate as well as market interest rates are set to rise, which may pose a challenge to some categories of borrowers.

> “Beyond spending by the government, a full economic recovery hinges on factors like Covid, crude oil prices and the global economic outlook”
>
> – DHARMAKIRTI JOSHI

● **DHARMAKIRTI JOSHI:** This is clearly an expansionary budget. The government has created the fiscal space to address spending needs by delaying the fiscal consolidation process, and rightly so. The fiscal deficit is expected to come down to 4.5 per cent of gross domestic product (GDP) by fiscal 2026, still higher than the pre-pandemic level of 3.3 per cent. Also, the revenue expenditure has been compressed to make way for capital spending.

Spending has been largely prioritised towards investments, with some part focusing on supporting vulnerable sections. It is more of a growth-promoting budget than a redistributive one.

Beyond spending by the government, full economic recovery hinges on how certain factors play out, including Covid-19, crude oil prices and the global economic outlook. We are projecting 7.8 per cent GDP growth next fiscal, with risks tilted downwards. ■



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FIX THE SPENDING GAP

The capital expenditure outlay has been increased by 35 per cent, but the yawning gap between outlay and actual spend is worrying

BY M.G. ARUN

During the presentation of the Union Budget on February 1, finance minister Nirmala Sitharaman thanked the country's taxpayers who, she said, had "contributed immensely and strengthened the hands of the government". Sitharaman also made some big-ticket announcements, including raising the capital expenditure outlay by 35 per cent to Rs 7.5 lakh crore for the next financial year. However, what concerns taxpayers and experts is the tardy implementation, which creates a yawning gap between what is budgeted and what is eventually spent every year, with the labyrinthine central and state government machinery and the myriad processes of delivering funds creating enormous delays in execution.

The Covid pandemic has made matters worse, as is evident in the current financial year, leading to big gaps in government spending both at the central and state levels. Data from the Controller General of Accounts (CGA) shows that eight months into FY2021-22 (data is available only till November 2021), 40 per cent of the money set aside by the Centre for expenditure had not been spent. According to the CGA, the central government's total expenditure till November was Rs 20.7 lakh crore, as against Rs 34.8 lakh crore earmarked in Budget 2021-22. This means only 59.6 per cent of the earmarked expenditure had been achieved.

SLOW SPENDING

The government's targeted capital expenditure for 2021-22 is Rs 5.54 lakh crore, but it achieved only 49 per cent of that (Rs 2.73 lakh crore) till November. Capital expenditure is money spent by the government on the development of machinery, equipment, buildings, health facilities, etc. as well as in acquiring fixed assets like land. Ministries are likely to step up their capital expenditure towards the end of the financial year.

The National Infrastructure Pipeline (NIP) was allocated Rs 44,700 crore, to be spent directly by the Department of Economic Affairs (DEA). The DEA's total capital outlay for the financial year is Rs 56,500 crore. According to media reports, only 2 per cent, or Rs 1,150 crore, had been spent till November. The Central Board of Indirect Taxes and Customs had spent only Rs 5,100 crore from its departmental allocation of around Rs 20,100 crore.

Vinayak Chatterjee, chairman of Feedback Ventures, an infrastructure consultancy firm, estimates that only about 55 per cent of the capital expenditure earmarked by the government has been spent. "By this time of the financial year, the spending should have been about 66 per cent," says Chatterjee. The year has seen two disruptions—first, the second Covid wave, which impacted projects during April-June, and the ongoing third wave caused by the Omicron variant. "The gap in spending can be attributed to the disruptions due to the Covid pandemic. So many workers reported sick, which led to delays in the execution of projects," Chatterjee told INDIA TODAY. CGA data shows that in the pre-pandemic year of 2019-20, most ministries had nearly met their expenditure targets (90 per cent and above) compared to the revised estimates of expenditure announced by them.

For FY2021-22, the ministry of health and family welfare had an earmarked expenditure of Rs 73,931.8 crore. Of this, Rs 47,006 crore had been spent till November (about 64 per cent). As on April 2021, the states' share of the total government spending on health was 69 per cent. The Centre primarily transfers funds through the Finance Commission and departmental

THE PANDEMIC HAS UNDERSCORED THE NEED FOR EFFICIENT USE OF GOVERNMENT MACHINERY TO EXTEND RELIEF AND PUSH PROJECTS THAT CAN CREATE JOBS

40% Money set aside by the Centre for expenditure in FY2021-22 not spent as on November 2021

70% of the targeted revenues for 2021-22 (Rs 13.7 lakh crore out of Rs 19.7 lakh crore) achieved by the government

STATE OF ALARM

Capital expenditure and borrowings data show that states have failed to push implementation of projects

FISCAL DEFICIT

The gross fiscal deficit of states is much below the revised estimates, indicating a slippage in spending

CAPITAL EXPENDITURE

States' capital expenditure has been well under revised as well as budgeted expenditure

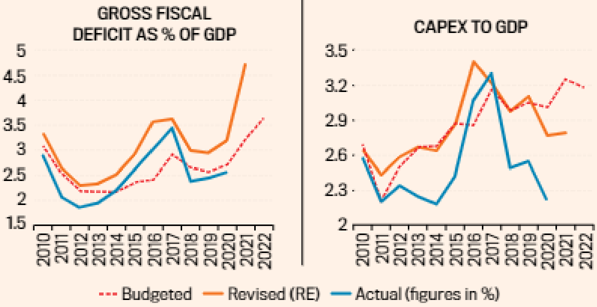
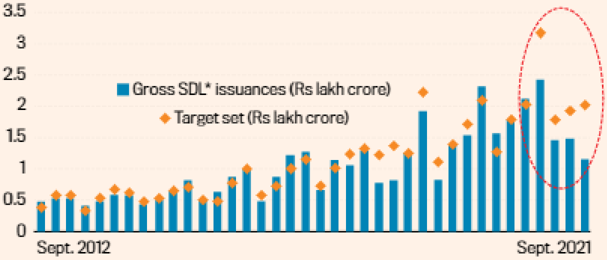


Illustration by TANMOY CHAKRABORTY

BORROWINGS LOSE STEAM

Borrowings by states from the market have missed their target since March 2021, pointing to reduced expenditure



*SDL: State development loans

Source: RBI, Credit Suisse estimates

grants for centrally sponsored schemes implemented at the state level. According to a research paper by the New Delhi-based not-for-profit Health Systems Transformation Platform (HSTP), the key reasons for under-spending on healthcare are a weak health system, human resource constraints, governance issues and a complex process of procurement and construction.

TRIPPING ON EXECUTION

Shortfall in expenditure by central ministries in 2021-22

MINISTRY	FY2021-22		% OF ACTUALS COMPARED TO BE	
	BUDGET ESTIMATE (BE)	ACTUALS (TILL NOV. 2021)	CURRENT	LAST FY
Agriculture & Farmer's Welfare	1,31,531.19	66,409.12	**50%**	52%
AYUSH	2,970.3	1,524.06	**51%**	58%
Coal	534.88	323.41	**60%**	38%
Communications	75,265.22	40,040.16	**53%**	61%
Defence	4,78,195.62	3,17,438.28	**66%**	63%
Education	93,224.31	44,285.23	**48%**	41%
Electronics & IT	9,720.66	3,294.94	**34%**	40%
Environment, Forests & Climate Change	2,869.93	954.78	**33%**	44%
Health & Family Welfare	73,931.77	47,006.01	**64%**	74%
Jal Shakti	69,053.02	23,751.66	**34%**	44%
MSME	15,699.65	9,874.43	**63%**	31%
Power	15,322	6,056.47	**40%**	35%
Road Transport & Highways	1,18,101	80,567.68	**68%**	65%
Textiles	3,631.64	1,747.8	**48%**	45%
Tourism	2,026.77	268.51	**13%**	33%

Figures in Rs crore; Source: Controller General of Accounts

Another reason is the time taken for the funds to reach the districts after being received by the states from the Centre. 'Delays occur in the transfer of funds from the treasury to the National Health Mission head office and in fund transfers from the headquarters to district health societies, which have multiple bank accounts. This affects transparency and complicates the tracking of funds,' states an April 2021 paper by Sudha Chandrashekar of HSTP and Sarit K. Rout of the Indian Institute of Public Health, Bhubaneswar.

The Jal Shakti ministry had till November spent only 34 per cent of what was earmarked for the financial year; it had spent 44 per cent in the corresponding period in the previous financial year. This when the ministry, under the Jal Jeevan Mission, is chasing an ambitious target of providing drinking water to all rural households by 2024. Of the estimated 189 million rural households, only 17 per cent had some version of tap water connection as on August 2021. The Jal Jeevan Mission outlay has been estimated at Rs 3.6 lakh crore, of which Rs 2.08 lakh crore is the central government's share. Chatterjee is of the view that despite the constraints, the Jal Jeevan Mission has made commendable progress.

> “THE SPENDING GAP CAN BE ATTRIBUTED TO THE DISRUPTIONS DUE TO COVID. SO MANY WORKERS REPORTED SICK, WHICH DELAYED PROJECTS”
>
> – **VINAYAK CHATTERJEE**
> *Chairman, Feedback Ventures*

But to speed up implementation, Chatterjee advocates aggressive efforts to rope in corporations, trusts, and Indian and overseas foundations, who may wish to participate by adopting a cluster of villages. “The evolution of *pani samitis* into local water utilities can be widened to include electricity, public health and education,” says Chatterjee. Meanwhile, of what was budgeted for 2021-22, the ministry of agriculture had spent only about half the sum till November, the AYUSH ministry 51 per cent, the coal ministry 60 per cent and the communications and education ministries 53 and 48 per cent, respectively (see *Tripping on Execution*).

On the revenue side, the government, till November, had achieved nearly 70 per cent of the targeted revenues for the financial year (Rs 13.7 lakh crore out of the total targeted receipts of Rs 19.7 lakh crore). Of the targeted tax revenues of Rs 15.4 lakh crore, it had achieved Rs 11.3 lakh crore. In November, the Centre released Rs 95,082 crore to the states as their share of the divisible tax pool, thanks to the robust tax collections. This was twice the monthly devolution as per budget estimates. Uttar Pradesh, media reports say, received the largest share (Rs 17,057 crore), followed by Bihar (Rs 9,563 crore), Madhya Pradesh (Rs 7,464 crore), West Bengal (Rs 7,153 crore) and Maharashtra (Rs 6,006 crore). Tax devolution to states is done in 14 instalments in a year and adjustments as per the revised estimate are usually made in March. But the question is: how efficiently are the states using the money?

“THERE’S ABSENCE OF A DIALOGUE BETWEEN CENTRAL AND STATE OFFICIALS AFTER THE EXPENSE HAS BEEN BUDGETED. THE PACE OF WORK AT BOTH ENDS ALSO DIFFERS VASTLY”

– **S.K. JOSHI**
Former Chief Secretary, Telangana

STATES SLIPPING

States execute the major projects the Centre plans and funds. For 2022-23, the Centre will allocate Rs 1 lakh crore to the states to catalyse overall investments in the economy. These 50-year, interest-free loans will be over and above the usual borrowings allowed to the states. While several central schemes are running behind schedule, states are responsible for much of the problem, say experts. Data from the Reserve Bank of India’s state budget compendium, published in November, shows states to have lagged significantly in execution of programmes, resulting in a huge gap between budgeted expenditure and the actual amount spent. Budgeted expenditure is for the entire year while revised estimates are projections on the basis of data for nine months of the fiscal. These projections are often higher than the budgeted expenditure.

However, when the actual expenditure is finally produced, it shows a huge shortfall. This can be gauged by a fall in the states’ budgeted deficit. A deficit occurs when government expenditure exceeds revenues from taxes and other sources. A higher budget deficit means the government has spent more than its revenue by undertaking borrowings. However, a lower budget deficit is a concern as it denotes less spending by the government. The RBI data shows that at 3.6 per cent of the GDP in 2021-22, the states’ budgeted deficit is 1.1 per cent below the revised estimate of 4.7 per cent of 2020-21. “Final deficits have always been lower than revised estimates, and often lower than budgeted estimates too,” says Neelkanth Mishra, co-head of Asia Pacific Strategy and India Equity Strategist for Credit Suisse. “Lower-than-budgeted deficits are mostly due to an inability to spend, made worse by lockdowns.”

In the absence of a state-wise break-up of the budget deficit in the RBI data, it is difficult to ascertain which states have slipped the most. Another way to gauge how little states have spent is through the cash balance held by the government. State governments cannot bank with the RBI, but they can buy zero coupon bonds issued by the Centre using surplus cash. The Centre parks this money with the RBI. Mishra says that data points to about Rs 2.7 lakh crore of surplus cash parked by the Centre with the RBI at

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IN A CRAWL Workers at a project site of the long-delayed Delhi-Mumbai Industrial Corridor near Dholera village in Gujarat

EXPERTS SAY THAT STATES ARE RESPONSIBLE FOR MUCH OF THE DELAY IN EXECUTION AND THE SLIPPAGE IN PAYMENTS FOR MAJOR PROJECTS FUNDED BY THE CENTRE

the end of 2020-21, indicating that the states' deficit was close to 3 per cent of the GDP.

In the first half of the current financial year, states borrowed Rs 80,000 crore less than what was targeted and the cash balance rose to Rs 20,000 crore. "The deficit in 2021-22 could again be close to 3 per cent of GDP, and borrowings Rs 1 lakh crore lower than budgeted," says Mishra.

Former Telangana chief secretary S.K. Joshi points to several factors behind the delays in implementation, and these vary from one project to another. "First, there's an absence of dialogue between the Union and state government representatives after the expense has been budgeted. Second, the pace at which those in Delhi and in the states pursue things differs vastly, often depending on the individuals in charge. The varying costs and inevitable escalation, after the cost has been worked out at the planning level, and the inability of the states to provide their own share—whatever be the quantum—also contribute to the lag in projects and implementation of centrally sponsored schemes." Besides, there are state-specific issues depending on the nature of the project or scheme which are often not factored in during the planning stage.

LOOPHOLES AND LESSONS

A Mumbai-based economist, requesting anonymity, says state governments always give a higher revised budget estimate, only to fall short of the targets. This was true even in the pre-Covid years. He argues that governments cannot cite the pandemic as an excuse to not spend. "Governments need to learn to adapt to the situation just as private firms have, and ensure that no big disruptions take place. Governments usually prepare for disaster recovery. But the pandemic seems to have exposed their vulnerability. When it comes to proper spending of taxpayers' money, they have been caught napping," he says.

"LOWER-THAN-BUDGETED DEFICITS (OF THE STATES) ARE MOSTLY DUE TO AN INABILITY TO SPEND, MADE WORSE BY LOCKDOWNS"

– NEELKANTH MISHRA

Co-head of Asia Pacific Strategy and India Equity Strategist, Credit Suisse

Others expect the government to catch up by the end of the financial year. Madan Sabnavis, chief economist, Bank of Baroda, says the shortfall in the Centre's expenditure has been most evident in areas like consumer affairs, fertilisers and fuel, where subsidies are involved. For instance, Rs 98,000 crore was earmarked in 2021-22 for the government's free food programme. "The food stocks may have already been supplied to FCI, but the accounting may be done at the end of the financial year. The same holds true for fertilisers. As long as the capex is not compromised, growth is not going to be impacted," says Sabnavis.

While slippages on the expenditure front happened in the previous years too, the pandemic has underscored the need for efficient use of the government machinery to extend relief and push projects that create jobs on a large scale. Going by RBI data, that doesn't seem to have happened in 2021-22. Governments, both at the Centre and in the states, have some hard lessons to learn from the pandemic and must execute their plans more efficiently if expenditure targets are to be met and the intended benefits are to reach people. ■

*(With **Amarnath K. Menon**)*

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MISSING THE MIDDLE CLASS

Once an engine of India's economic growth, now reeling from the pandemic, India's middle classes find little comfort in Budget 2022

By SHWWETA PUNJ

Photographs by BANDEEP SINGH

Nirmala Sitharaman is as middle class as it gets in India. She did her schooling in Chennai and Tiruchirappalli before getting a Bachelor's degree in economics from the Seethalakshmi Ramaswami College in Tamil Nadu and then pursuing a master's degree at JNU. Notwithstanding her meteoric rise from BJP spokesperson to handling major portfolios in the Modi government, she is seen as part of the larger fold of India's middle class—now estimated to be 380 million-strong, or close to a fourth of India's total population. For many years now, the booming middle class has been seen as the symbol of India's phenomenal economic rise since the 1991 economic reforms. Not anymore.

As the Covid-19 pandemic continues into its third year, India's middle class has taken an especially hard hit, with an estimate by the US-based Pew Research Center suggesting this demographic shrank by 32 million in 2020. Pew also says the number of poor in India is estimated to have more than doubled post the pandemic, and the middle class cut by a third. Many surveys and studies testify to the economic pain the middle class is going through as a result of the ongoing pandemic. According to Pew, the number of Indians who are poor—with incomes of $2 (Rs 150), or less per day—is estimated to have increased by 75 million because of the Covid-19 recession, accounting for nearly 60 per cent of the global increase in poverty

Although 'middle class' is a group with many definitions—a broad band of households with incomes anywhere from Rs 10 lakh to Rs 1 crore per annum—the scars of the pandemic are visible wherever one looks. Take Sanjeev Shukla

SANJEEV SHUKLA, 54

A SUDDEN LOSS: When the pandemic hit, Shukla was earning about Rs 1 crore a year at Muthoot Finance. After having lost his job in the early months, he says he has found it impossible to find equivalent employment elsewhere.

"THE LOSS OF A JOB IS A LOSS OF FACE, POSITION AND STATUS. THE ACCOMPANYING EMOTIONAL TRAUMA IS MUCH BIGGER THAN ONE IMAGINES"

from Delhi, a 54-year-old marketing professional with a 30-year corporate career who was earning a crore per year as chief marketing officer at Muthoot Finance when the pandemic hit. Like many others, Shukla found himself without a job in 2020. While he remains much better off than others who lost their jobs (his wife remains employed, the family has 30 years of savings, assets and so on) Shukla's lifestyle received a major jolt, forcing his family to sell their cars and dramatically reduce consumption. He now worries about the education of his children, who are in expensive universities, and about a lack of funds for medical emergencies and old age. And if he was looking for succour in Budget 2022, he was disappointed. "We were expecting some changes in the income tax slabs—it would have helped," he says.

Though Sitharaman acknowledged the contribution of the middle class to India's economic growth in her budget speech, her budget itself had little for them by way of hope. Like Yatin Bharadwaj, 26, who set up a gym in Delhi in January 2020, only to have the Covid lockdown that followed soon after stymie his ambition. He endured months without any income and now makes just Rs 15,000 a month—half as

SAKSHI CHANANA, 36

SLOWLY DRAINED: After losing her job at Koovs in the early months of the pandemic, Chanana tried to remain independent, but was forced to move back in with her parent six months later as her savings were depleted

"I HAVE USED UP A CHUNK OF MY SAVINGS. I HAVE TO BUILD BACK MY FIXED DEPOSIT AND MY CAREER HAS GONE OFF TRACK"

much as he once did. He is now the sole breadwinner in a family of four, after his father, who worked as a driver, lost his job. "I stopped drinking protein shakes that cost Rs 5,000 a month. I haven't bought anything for myself for the past two years," he says. Bharadwaj is also disheartened by the budget: "Direct income support would have helped," he says. "And if they can't give us money, at least allow us to operate—let us open our gyms, with precautions."

Like Shukla and Bharadwaj, many middle-class citizens have seen calamitous declines in their livelihoods. To them the Centre's Budget 2022 provides little direct help, whether in terms of a reduction in direct taxes or an urban employment guarantee scheme on the lines of MGNREGA. In terms of actual job losses, according to CMIE (the Centre for Monitoring Indian Economy), some 21 million salaried jobs disappeared between April and August 2020 alone. Pew Research's note about the Indian middle class shrinking by 32 million in 2020 also says that this accounts for about 60 per cent of the damage suffered by the global middle class in the same period.

THE MIDDLE CLASS DECLINE

The growth of India's middle class over the past few decades was an extraordinarily significant economic development. With incomes rising and millions lifted out of poverty, India became a huge market for all kinds of consumer goods, from phones and gadgets to cars and homes and everything in between. The rising consumption itself boosted economic growth, reinforcing the cycle of rising incomes, increasing consumption and growing economic activity. What experts find worrying today—three years into Covid—is that if the middle class has shrunk, consumption, which is crucial for economic growth, is bound to follow. As more households fall out of the middle class and into poverty, there will be fewer buyers in India's markets, reducing company revenues, salaries and pulling down India's economic growth trend.

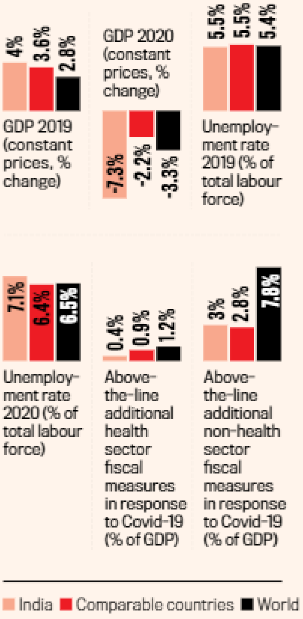
And though the pandemic has become a convenient excuse to explain all ills, the decline in middle class fortunes perhaps started much before. This is what economists Anirudh Krishna and Devendra Bajpai found in their analysis measuring assets rather than incomes. A leaked NSO (National Statistics Office) analysis in 2019, using data from 2017-18, had found consumption falling for the first time in four decades. Though the conclusions of the NSO analysis are now something of a moot point—whether or not consumption was falling in 2017, the pandemic has most certainly made it plunge even further—this data remains significant in determining India's long-term economic trajectory, and the roots of the difficulties facing India's middle class. "Generally speaking, Covid has reinforced what perhaps started before 2019—there has been a general decrease in economic condition—income and consumption. Except for the very rich, whose incomes are not from the labour market and those who have guaranteed jobs, the remaining 95 per cent of the economy has been hit hard by the downturn," says Maitreesh Ghatak, professor at the London School of Economics.

According to a January 2022 study by Ghatak and Ramya Raghavan, 'The Covid-19 Shock and the Indian Economy', in real terms, India's national income fell eight per cent between 2019 and 2020. In per capita terms, the drop was

PANDEMIC STRUCK

India's middle class is still reeling from the body blows of the pandemic–salary cuts, shaky job security and rising levels of debt. Direct support in Budget 2022 would have gone a long way

INDIA'S ECONOMY: THE BIG PICTURE



Source: World Economic Outlook database April 2021, International Monetary Fund (Maitreesh Ghatak and Raghavan study)

Graphic by TANMOY CHAKRABORTY

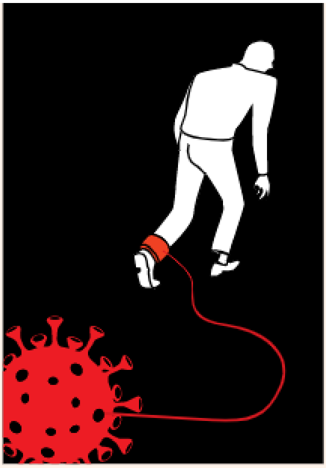
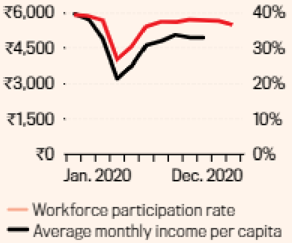


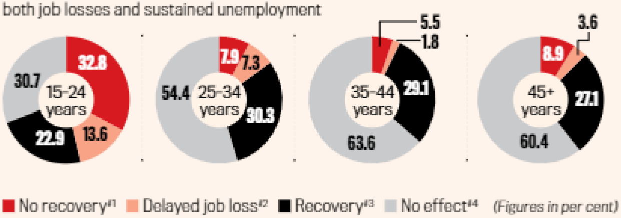
Illustration by TANMOY CHAKRABORTY

THE FIRST FALL The sharp fall in the job market as the pandemic began was not recouped by the end of 2020. The following year saw more woes



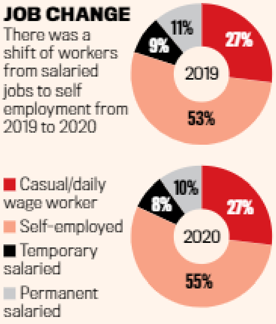
Income in Jan. 2020 prices, adjusted for seasonality

THE VULNERABLE YOUNG In 2020, 32.8 per cent of young workers reported both job losses and sustained unemployment

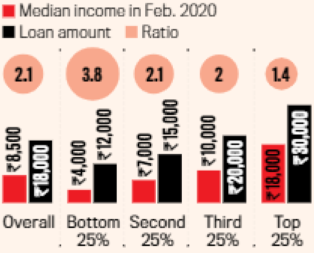


#1: Lost work during the lockdown, did not recover it by December; #2: Did not lose work during the lockdown, but lost it by December; #3: Lost work during the lockdown but recovered it by December; #4: Did not lose work during lockdown or after

JOB CHANGE There was a shift of workers from salaried jobs to self employment from 2019 to 2020



CAPITAL STARVED Indebtedness increased in 2020, especially among poor households



Source: Azim Premji University, State of Working india 2021

nine per cent. In the post-Independence period, India's national income has declined only four times before 2020—in 1958, 1966, 1973 and 1980. The report notes: 'The largest drop was in 1980 (5.2 per cent) when the economy was in turmoil due to a countrywide drought and the doubling of global oil prices due to the revolution in Iran. This implies that 2020-21 is the worst year in terms of economic contraction in India's history.' A 2020 study by researchers at the Azim Premji University's Centre for Sustainable Employment on the effect of the crisis on self-employed, casual and regular wage workers across 12 Indian states between mid-April and mid-May 2020 reported a 64 per cent drop in earnings. Another

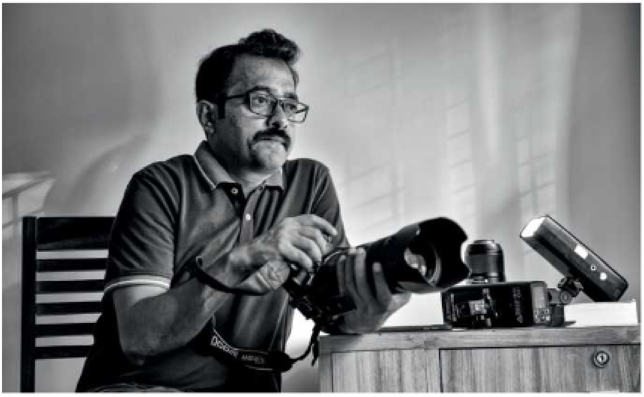
32 mn

The drop in the size of the middle class in 2020 according to Pew Research

INDRANIL BHOUMIK , 42

LIGHTS OFF: In 2020, Bhoumik, a photojournalist, lost 80 per cent of his income. "For the first eight months, I could do nothing. There was no work," he says.

"FOR TWO MONTHS, I HAD SLEEPLESS NIGHTS"



SUBIR HALDER

study, the fourth round of the Delhi-NCR Coronavirus telephone survey (NCAER 2021) conducted between December 2020 and January 2021, said 80 per cent of respondents reported economic hardship, including salary cuts, job losses, difficulty in finding work, business closures or declines in business incomes. Salaried workers and small business owners have borne the heaviest brunt.

ON-ROAD REALITIES

Two-wheeler sales—another bellwether for progress in the economy, as newly-arrived middle-class Indians gain mobility (but also therefore skewed toward the low-income end of India's enormous middle class)—have also showed a decline. According to data from SIAM (the Society of Indian Automobile Manufacturers), two-wheeler sales fell from 4.9 million units in the Q3 FY21 to 3.6 million units in the Q3 FY22.

The example of T. Mohammad, a 30-year-old MBA holder, offers some insight into why demand is falling. Born to a middle-class family in Bihar, Mohammad has been living in Delhi since he was 15. After completing his MBA from Jamia Milia Islamia in 2014, he first joined PricewaterhouseCoopers as a consultant, before moving to EY India. When the pandemic struck, he was in the process of moving from EY to a new firm. Because of the worsening economic climate, the company withdrew the offer, leaving him stranded. "I have given almost a dozen interviews since then, and haven't been able to land a job," he says. Two years since becoming unemployed, his savings are gone. He sold his bike for Rs 11,000, and has struggled to pay back a car loan and a personal loan. "With no income, I have been forced to default on my personal loan EMI for the past 17 months," he says. He used his PF savings to pay off his car loan while his landlord was kind enough to allow him to defer his rent for the past two years.

21 mn

Salaried jobs lost in April-August 2020, according to CMIE

Experts say the decline in two-wheeler sales reflects low economic confidence—showing consumers unwilling or unable to take on auto loans—suggesting the RBI's low interest rate policy over the past two years may have had limited impact in this category. The fact that two-wheeler sales have fallen after peaking in 2018—when the Modi government began surgery to formalise the economy, via demonetisation, the introduction of GST and so on—suggests that much remains to be done to make that effort a success. When it comes to the damage the pandemic has done to an economy already undergoing structural change, Jahangir Aziz, head of emerging market economics at JP Morgan, says, "The permanent scarring that the pandemic will bring about is extensive damage to the balance sheets of households and SMEs

YATIN BHARADWAJ, 26

DOORS CLOSED: In January 2020, Bharadwaj put his savings into opening a fitness studio. Two months later, with lockdowns across the country, his income dropped to zero. In the two years since, it has pulled back to about Rs 15,000 a month. He supports a family of four, including his parents and his sister.

"I STOPPED DRINKING PROTEIN SHAKES THAT COST Rs 5,000 A MONTH. I HAVEN'T BOUGHT MYSELF ANYTHING IN TWO YEARS"

(small and medium enterprises). It is not just the poor. To us, the damage to households and SMEs is the biggest threat to India's growth in the future."

Sakshi Chanana, 36, a Delhi-based communications professional with a 10-year career, exemplifies this balance-sheet damage. When the pandemic began, she lost her job at e-tailer Koovs. She almost landed another job, but the offer was withdrawn as the pandemic worsened. "I don't know where my career is going," she says. For the first six months after losing her job, her savings and fixed deposit allowed her to keep up her lifestyle. She moved back into her parents' home in Kailash Colony when her landlord decided to increase her rent. She says the only investment she retains is her PF account. "I have lost a chunk of my savings, I have to build back my fixed deposit, my career has gone off-track and I am concerned about my mental health," she says.

POLICY PRESCRIPTIONS

To support the middle class, experts like Aziz and Ghatak recommend direct income support for those most precariously placed. Others—and the government—believe in more infrastructure spending in order to have a large spillover effect on the economy. Experts say tax breaks, tax relief or policy assistance of that sort would also help, freeing up more cash for consumers. Some propose an 'urban MGNREGA' for direct income support. However, the Centre's budget has taken a long-term view on the economy, and in the process, brushed aside the imminent and immediate pain of the millions who make up the middle class of India—who fuel demand, drive consumption and pay taxes. As Sanjivv Shiv Kapoor, CEO at SP Kapoor & Company, a chartered accountancy that advises individuals and MSMEs, puts it: "I don't see anything [in the Budget] for the middle class. There is no benefit or change in the tax rates. In fact, the government has said that gifts of over Rs 50,000 must now see a one per cent TDS deduction."

When the Opposition expectedly questioned the government about the budget having nothing for the middle class, finance minister Sitharaman retorted: "Don't 'farmers', 'MSMEs', 'affordable home buyers' have a middle-class component? We have introduced relief measures for them. What does middle class mean? Schemes have been introduced for middle-class farmers. Affordable homes will benefit the middle class. People investing in the stock market will benefit, they are middle class too." Adding to Sitharaman's argument, Tuhin Kanta Pandey, secretary of the Department of Investment and Public Asset Management, tells INDIA TODAY: "Rates [shouldn't always] go down. Policy stability is very important—we should not get into rate revision too often. Direct income support could have been highly inflationary. There is an emergency line of credit for MSMEs, and for those in travel and tourism. Further relaxations in the economy will generate economic activity, and investment has a multiplier effect." However, many believe the finance minister will have to do more to convince the middle class that it could soon be on the road to prosperity again. ■

— with M.G. Arun and Romita Datta

BANGING ON EMPTY PLATES

Despite the Centre's massive welfare schemes, the pandemic saw poverty increase and the emergence of two Indias. The budget continues with the one-size-fits-all approach

By KAUSHIK DEKA

NO WAY OUT
NGO volunteers hand out food kits to the poor in Kolkata

ANI

AN UNEQUAL INDIA

142 No. of Indian billionaires in 2021, up from 102 in 2020

84% Indian households suffered a decline in income at the beginning of the pandemic

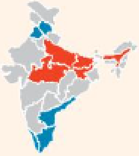
Source: Oxfam India Report, 2022; Forbes

UNHEALTHY DIVIDE

NITI Aayog's Multidimensional Poverty Index (MPI) published in 2021 shows that poor-performing states in healthcare and education are also home to a large share of the BPL population. The gap between the worst-performing states and the top ones is also growing wider

INDIA'S POOREST LARGE STATES

1. Bihar **51.9**
2. Jharkhand **42.4**
3. Uttar Pradesh **37.8**
4. Madhya Pradesh **36.6**
5. Assam **32.7**



INDIA'S LEAST POOR LARGE STATES

1. Kerala **0.7**
2. Tamil Nadu **4.9**
3. Punjab **5.6**
4. Himachal Pradesh **7.6**
5. Andhra Pradesh **12.3**

*% of population that is multidimensionally poor**

**MPI captures overlapping deprivations in health, education and living standards and complements income poverty measurements as it measures and compares deprivations directly*

TOP 5 LARGE STATES IN HEALTHCARE

1. Kerala
2. Tamil Nadu
3. Telangana
4. Andhra Pradesh
5. Maharashtra

BOTTOM 5 LARGE STATES IN HEALTHCARE

19. Uttar Pradesh
18. Bihar
17. Madhya Pradesh
16. Rajasthan
15. Uttarakhand

Source: NITI Aayog's Healthcare Index 2021

FIVE LARGE STATES WITH HIGHEST SCHOOLING DEPRIVATION

**Percentage of population deprived of schooling*

1. Bihar **26.7***
2. Jharkhand **18.32**
3. Uttar Pradesh **17.52**
4. Rajasthan **17.1**
5. Andhra Pradesh **16.9**

FIVE LARGE STATES WITH LOWEST SCHOOLING DEPRIVATION

1. Kerala **1.78**
2. Himachal Pradesh **3.78**
3. Maharashtra **6.54**
4. Tamil Nadu **6.61**
5. Haryana **7.1**

Definition: A household is considered 'deprived' if no family member aged 10 years or older has completed six years of schooling
Source: NITI Aayog's Multidimensional Poverty Index, 2021

Graphics by TANMOY CHAKRABORTY

In November last year, stand-up comedian Vir Das created a nationwide stir by talking about two Indias that coexist. While his idea of two Indias remains debatable, economic disparities are clearly creating conditions that mirror the sentiment. Sample these numbers. A report on equality published by Oxfam India in January says the richest 98 Indians control as much wealth ($657 billion or Rs 49.15 lakh crore) as some 555 million poor people in India. The World Inequality Report 2022, authored by economist and co-director of the World Inequality Lab, Lucas Chancel, along with economists Thomas Piketty, Emmanuel Saez and Gabriel Zucman, says India stands out as a "poor and very unequal country, with an affluent elite", where the top 10 per cent holds 57 per cent of the total national income while the bottom 50 per cent's share is just 13 per cent. The average annual national income of an Indian adult was Rs 2,04,200 in 2021 but the bottom 50 per cent earned just Rs 53,610, while the top 10 per cent earned over 20 times more (Rs 11,66,520), as per the report.

THE BUDGETARY PUSH

Several poor-performing states have tried to improve standards in healthcare and education by allocating a higher share of budgetary expenditure to these two sectors

FIVE LARGE STATES WITH HIGHEST SPENDING ON HEALTHCARE

Assam	7	7.1
Rajasthan	6.1	7
Himachal Pradesh	6.5	6.7
West Bengal	5.4	6.7
Andhra Pradesh	5	6.6

FIVE LARGE STATES WITH LOWEST SPENDING ON HEALTHCARE

Telangana	4.4	3
Punjab	4.2	4
Maharashtra	4.5	4.4
Jharkhand	4.9	5.2
Karnataka	4.5	5.3

Share of budgetary allocation to healthcare in ■ 2019-20 and 🟥 2021-22 in percentage; the two time periods were chosen to indicate the expenditure before and after Covid

FIVE LARGE STATES WITH HIGHEST SPENDING ON EDUCATION

Assam	22	19
Bihar	19	19
Chhattisgarh	19	19
Himachal Pradesh	19	19
Rajasthan	18	19

FIVE LARGE STATES WITH LOWEST SPENDING ON EDUCATION

Telangana	10	7
Punjab	14	12
Karnataka	13	13
Tamil Nadu	15	13
Uttar Pradesh	15	13

Share of budgetary allocation to education in ■ 2015-20 and 🟥 2021-22 in percentage; the two time periods were chosen to indicate the expenditure before and after Covid

Sources: State budgets and MoSPI

And the gap grew alarmingly during the Covid pandemic. Some 84 per cent of households in India suffered a decline in income at the beginning of the pandemic. A new survey by think-tank PRICE (People's Research on India's Consumer Economy) reveals that the annual income of the poorest 20 per cent of households in India declined by around 53 per cent in 2020-21. In comparison, incomes of the top 20 per cent households grew by 39 per cent over the same period.

So, when Nirmala Sitharaman presented her budget on February 1, her challenge was not just to spur the pandemic-hit economy but also to make it more inclusive. To counter the adverse economic impact of the pandemic on the vulnerable, the Centre had in May 2020 announced a Rs 20 lakh crore economic bundle that included the Pradhan Mantri Garib Kalyan schemes worth Rs 1.7 lakh crore and support for the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), MSMEs, migrant workers, street vendors, and agriculture and allied sectors. In addition, support to various schemes to provide housing, electricity, sanitation, cooking gas, drinking water, bank accounts for financial inclusion etc. continues.

Despite these measures, various studies claim that the share of the population in poverty has significantly gone up during the pandemic in India. Last year, an estimate by the Azim Premji University claimed that 230 million Indians were pushed into poverty amid the pandemic, while the Pew Research Center reports that the number of poor in India has more than doubled, from 60 million to 134 million, in just a year due to the pandemic-induced recession.

The big thrust on infrastructure in the current budget is aimed at generating jobs and triggering consumption, but it may not be enough as the cost of living has also multiplied in the past two years. If the dearth of employment opportunities has impacted incomes, two major sources of expenditure for any household—healthcare and education—also saw a massive jump in expenses.

GOVERNMENT EXPENDITURE ON EDUCATION HOVERED AROUND 3 PER CENT OF GDP BETWEEN 2014 AND 2019, AGAINST THE HISTORIC TARGET OF 6 PER CENT OF GDP

The Oxfam report states that the cost of treatment of Covid-19 at a super-specialty private hospital can go up to 31 times the average monthly income of an Indian citizen. And it's not just Covid, out-of-pocket healthcare expenditure drove 55 million Indians into poverty in 2017. Similarly, education has been another sector severely impacted in the past two years. The sudden transition to digi-

UNBALANCED DIET

India is home to 25% of the world's undernourished people. Even in the best states, figures are high, but gap is stark between toppers and laggards

BEST 5 IN NUTRITION

1. Kerala **15.29**
2. Punjab **22.11**
3. Tamil Nadu **24.8**
4. Andhra Pradesh **26.38**
5. Himachal Pradesh **27.18**

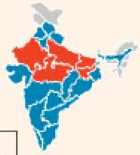
BOTTOM 5 IN NUTRITION

1. Bihar **51.88**
2. Jharkhand **47.99**
3. Madhya Pradesh **45.49**
4. Uttar Pradesh **44.47**
5. Chhattisgarh **43.02**

Percentage of population deprived of nutrition
Source: NITI Aayog's Multidimensional Poverty Index, 2021

UNEVEN POPULATION GROWTH

Fertility rates remain high among BIMARU states



LARGE STATES WITH LOWEST TFR*	
Punjab, West Bengal	1.6
Andhra Pradesh, Himachal Pradesh, Karnataka, Maharashtra	1.7
Odisha, Chhattisgarh, Tamil Nadu, Kerala, Telangana	1.8
Haryana, Uttarakhand, Assam, Gujarat	1.9

LARGE STATES WITH HIGHEST TFR*	
Bihar	3
Uttar Pradesh	2.4
Jharkhand	2.3
MP, Rajasthan	2

*Source: NFHS-5; *TFR: Total fertility rate (children per woman)*

60% Indians can't afford a nutritious diet, a majority of them in states in the Hindi heartland and the east

1.4 The fertility rate in Jammu & Kashmir, the lowest in India

tal education, which necessitated purchase of mobile phones or laptops and subscription to internet data plans, added to the expenses.

In a pandemic year hit by massive job losses, the budgetary allocation on education and healthcare was expected to go up. State expenditure on education has hovered around 3 per cent of GDP between 2014 and 2019, against the historic target of 6 per cent. Other middle-income countries spent more—Brazil 6.1 per cent, Russia 4.7 per cent and South Africa 6.8 per cent. These countries also had more allocation to healthcare in terms of GDP compared to India's 3.5 per cent—Brazil 9.5 per cent, Russia 5.3 per cent and South Africa 8.2 per cent. While the pandemic situation saw the Union government hike the budgetary allocation on healthcare by 28 per cent in this budget (compared to 2020-21), the allocation to the education ministry increased by only 5 per cent for the same period. In fact, the budgetary allocation had dropped from Rs 99,311.5 crore in 2020-21 to Rs 93,224.3 crore in 2021-22 despite the government launching the New Education Policy in 2020.

Yet, several poorly performing states have sought to amend things by allocating higher funds to education and healthcare. According to the NITI Aayog's Multidimensional Poverty Index (MPI) released last year, Bihar and Assam, even with 52 per cent and 33 per cent of population that is multidimensionally poor, have been spending significantly on education and healthcare. In fact, Assam has been a top spender among large states in both education and healthcare. The results are showing. Assam has emerged as the second-best state to show incremental improvement in healthcare in NITI Aayog's Health Index, 2019-20.

Similarly, Uttar Pradesh has shown the most improvement—from the base year (2018-19) to reference year (2019-20)—on various health outcome indicators. However, such incremental improvements pale as the gaps in overall performance between the top five states and the bottom five are striking. If the percentage of population that is multidimensionally poor is 52 per cent in Bihar, it's less than 1 per cent in Kerala.

This gap in poverty is reflected in the

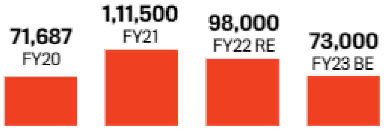
HELPING HANDS

Central government schemes to provide relief to the poor

NAME OF SCHEME	WHAT IS IT?	TOTAL BENEFICIARIES*
Pradhan Mantri Suraksha Bima Yojana	Rs 2 lakh accidental insurance scheme at an annual premium of Rs 12	268,200,000
PM Shram Yogi Maan-Dhan Yojana	Old age pension scheme for unorganised workers	4,594,095
Pradhan Mantri Jeevan Jyoti Bima Yojana	Rs 2 lakh life insurance scheme at an annual premium of Rs 330	119,000,000
Direct Benefit Transfer (DBT)**	Transfer of various cash benefits to bank accounts	₹2.1 lakh crore
Pradhan Mantri Ujjwala Yojana	Free LPG connections to women Below Poverty Line	89,864,645
Aayushman Bharat PM Jan Arogya Yojana	Free health insurance cover to 500 million people	26,136,725
PM Awas Yojana	Free housing to poor	22,372,145
PM Jan Dhan Yojana	Zero balance bank account for the poor	N.A.
PM Kisan Samman Nidhi Yojana	Income support of Rs 6,000 per year to all farmer families	119,518,991

*Source: PMO Dashboard; *as on 30-1-2022; **DBT shows amount transferred*

MNREGA ALLOCATION HAS RETURNED TO PRE-COVID LEVELS



Figures in Rs crore

performance of these states in healthcare and education. The top four states in NITI Aayog's Health Index 2019-20 are from the south—Kerala, Tamil Nadu, Telangana and Andhra Pradesh—while the bottom four are from the Hindi heartland—UP, Bihar, Madhya Pradesh and Rajasthan. The affluent south Indian states have done well primarily because of their investment legacy in healthcare and education.

Another sharp differentiator is in nutrition levels. India is home to a quarter of all undernourished people worldwide. In October 2020, a paper by Kalyani Raghunathan of the International Food Policy Research Institute (IFPRI), published a paper in the *Food Policy* journal, showed that 60 per cent of Indians could not afford a nutritious diet, a majority of them in the Hindi heartland and eastern states. In five states—Bihar, Jharkhand, Madhya Pradesh, UP and Chhattisgarh—the figures range from 43-52 per cent, reveals the NITI Aayog's MPI. In Kerala and Tamil Nadu, the share is 15 per cent and 25 per cent respectively.

The indicators in education also reflect the disparity among states. The share of population deprived of schooling in Bihar, Jharkhand, UP and Rajasthan ranges from 27 to 17 per cent (MPI figures). The corresponding percentages for Kerala, Himachal Pradesh, Maharashtra and Tamil Nadu are 2-7 per cent.

These differences, when seen in the context of the recent National Family Health Survey (NFHS) 5, also break several social myths. In several states, a political discourse seeking to blame Muslims for high population growth has gained ground. Ironically, the NFHS-5 reveals that the country's fertility rate—children per woman—has fallen to 2, below the replacement level (set at 2.1, the baseline required to balance the number of births and deaths in a country). At that rate, the population neither grows nor declines, and remains stable. Falling below 2.1 means India is not facing a population explosion and is instead looking at a decline in the future. The NFHS-5 has already shown that the share of under-15 population in the country has declined from 28.6 per cent in 2015-16 to 26.5 per cent in 2019-21.

More importantly, Jammu and Kashmir—the state-turned-Union territory and the only region with a Muslim majority population (68 per cent)—recorded the lowest fertility rate at 1.4. Assam, which has the second highest share of Muslim population—34 per cent—showed a fertility rate of 1.9, again below the national average. In contrast, the two states with the highest fertility rates are Bihar (3) and UP (2.4), both of whom bring up the bottom in the MPI indicators related to healthcare and education.

Experts say that higher levels of education and access to healthcare in affluent states—irrespective of religion—resulted in a higher age of marriage for many women, consequently forcing a drop in fertility rates. "Fertility has a significantly high association with education rather than religion or caste," says Prof. Sayeed Unisa, head, department of biostatistics and epidemiology, International Institute for Population Sciences, Mumbai.

While India's 1.3 billion population—often considered the root of many social evils—has stabilised, an uncomfortably large section of citizens remains engulfed in poverty. Finance minister Nirmala Sitharaman asserted in her budget speech that the Prime Minister Narendra Modi-led government seeks to empower the poor and the marginalised by providing access to housing, electricity, cooking gas and water and ensuring financial inclusion. Between 2005-06 and 2015-16, the share of the population that was multidimensionally poor dropped from 54.7 per cent to 27.5 per cent. The challenge for the current government is not to allow the pandemic to reverse that trend. ■

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MORE BANG FOR THE INDIGENOUS BUCK

The government walks the talk on its indigenisation thrust by loosening its purse strings to facilitate R&D funding for the private sector. Policy implementation will remain a key challenge

By SANDEEP UNNITHAN

India's defence budget for 2022-23 saw a modest 10 per cent hike from Rs 4.78 lakh crore to Rs 5.25 lakh crore. Last year's defence budget grew only by 1.4 per cent. India has the world's third-largest military budget after the US and China, but because its military is manpower-intensive, it spends more on salaries and pensions than on modern equipment. Over 60 per cent of the military hardware in Indian inventory is imported. Continued defence imports lead not only to dependence on external sources, but also an outflow of foreign exchange and the creation of high-technology jobs in foreign countries.

This year's defence budget saw an increase in defence capital expenditure—from Rs 1.35 lakh crore to Rs 1.52 lakh crore—a trend seen over the past three budgets. The government is hiking outlays to buy defence hardware like warships, fighter jets and howitzers, but is also steadily increasing the hardware it buys from within India. Last year, it bought 58 per cent of its requirements, worth over Rs 70,000 crore, from Indian industry. This year, it plans to increase it to 68 per cent, or Rs 1 lakh crore. "India's MSME sector will be greatly benefitted by the reservation of 68 per cent of the defence capital budget for the domestic industry," Prime Minister Narendra Modi told partymen on February 2. Buying locally has a great force multiplier effect on the local industry—it creates jobs in the high-tech sector, sustains an ecosystem of MSMEs and builds knowhow to develop more sophisticated hardware within the country. "Capital outlays for domestic industries will sustain investments and attract fresh capacity creation," says S.P. Shukla, president, Society of Indian Defence Manufacturers. The indigenisation thrust thus fits in with the government's larger budgetary goal to boost capital spending and creating jobs within the country.

The government's Aatmanirbhar policy, though, still suffers from a lack of a clear roadmap for indigenous production over the next decade. "There should be rigorous monitoring of indigenisation goals by an agency like the Defence Acquisition Council," says a

EYE IN THE SKY 'Switch', a high-altitude spy drone, made by Indian start-up ideaForge, deployed with the Indian army in Ladakh

10% increase from last year's defence budget—going from Rs 4.78 lakh crore to Rs 5.25 lakh crore

LOOKING INWARDS

68% of capital outlay for defence set aside for Make in India

Impact: Local purchases have a force-multiplier effect on local industry, seeding ecosystems and generating jobs in the domestic market

25% of defence R&D budget earmarked for private industry, start-ups and academia

Impact: Overcomes hurdle of access to capital for defence start-ups and MSMEs that pursue technology development

Nodal body for setting up testing and certification of defence systems and platforms

Impact: Enables faster processing of defence innovations and assists private R&D set-ups in getting equipment qualified

senior ministry of defence (MoD) official. Presently, such a body does not exist.

The 'buy indigenous' move is part of the rebooted Aatmanirbhar in defence drive, launched in May 2020. A PMO-supervised effort is currently underway to fuel the two engines of an indigenous defence industry—defence public sector undertakings and private industry. While orders for big-ticket items like self-propelled artillery and missiles can be met by Tier 1 industries, the government needs to hand-hold start-ups in niche areas like drones and unmanned systems. This is where the budget has made a bold move—it has set aside 25 per cent of the Defence Research and Development Organisation's (DRDO) Rs 11,981 crore budget for private industry, start-ups and academia. "The R&D base of the country can be expanded with a synergistic approach by all stakeholders—academia, R&D organisations and industry. This is vital to develop advanced systems within the country and for exports," says G. Satheesh Reddy, chairman, DRDO. Welcoming the move, Baba Kalyani, managing director, Bharat Forge, says this will "pave the way for investments in frontier technologies and capability development".

The government also announced its intent to establish a nodal body to set up testing and certification of defence system and platforms, to enable private developers to test their defence innovations quickly. It has allocated Rs 1,365 crore for developing military hardware prototypes under the 'Make' category of MoD acquisitions.

The idea for a start-up fund for defence is not a new one. Three years ago, the DRDO set up a 'technology development fund' to promote self-reliance in defence. The DRDO has so far sanctioned funds worth Rs 164 crore to 2,611 companies, which has resulted in 150 technologies being indigenised—marine desalinators for use onboard life rafts stored on warships, high-performance propulsion systems for small satellites and drones for carrying stores in high-altitude areas. Other initiatives, like the Innovations for Defence Excellence (iDEX) launched in 2018, have not been as successful. The iDEX was meant to hand-hold MSME start-ups, R&D institutes and academia. Four years later, it has yet to successfully deploy any cutting-edge technologies and none of its products have entered field trials.

This explains why a DRDO-steered model appears to have found favour with the government. Top defence officials say the government favours a model based on the US defence department's Defence Advanced Research Projects Agency (DARPA). This model, if it works out, will see the DRDO focus on cutting-edge weaponry like aircraft engines and hypersonic weapons while leaving niche technologies to Indian industry. The DRDO has been pushing a Development cum Production Partner (DcPP), which will allow the private sector to co-develop missile systems and have manufacturing rights as well. The agency will transfer technology and patents to the private sector free of cost to boost indigenous defence manufacturing.

"We can't do everything," admits a senior DRDO official. "What the industry can do, the DRDO won't." The fifth-generation Advanced Medium Combat Aircraft, being designed by the DRDO, will be a special purpose vehicle and involve the DRDO, HAL and two private companies that will receive up to 75 per cent of funding from the government.

Things may be changing within the monolithic defence ministry, but it remains to be seen how quickly it happens to be effective. ■

"THE R&D BASE OF THE COUNTRY CAN BE EXPANDED WITH A SYNERGISTIC APPROACH BY ALL STAKEHOLDERS–ACADEMIA, R&D ORGANISATIONS AND INDUSTRY. THIS IS VITAL TO DEVELOP ADVANCED SYSTEMS WITHIN THE COUNTRY AND FOR EXPORTS"

– G. SATHEESH REDDY
Chairman, DRDO

1% Increase in allocation for the National Health Mission, from Rs 36,576 crore in 2021-22 to Rs 37,000 crore for 2022-23

NO BOOSTER SHOT FOR HEALTH

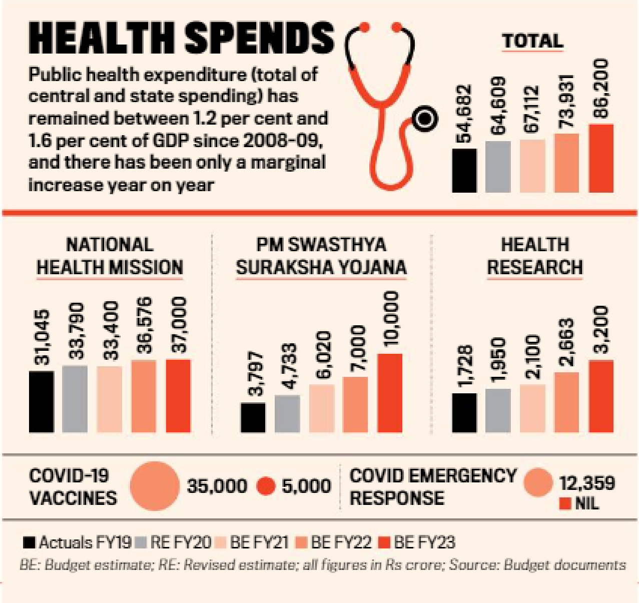
Despite the ongoing pandemic and growing healthcare needs, the sector gets little impetus

By AMARNATH K. MENON

Budget 2022-23 had far less money to offer for healthcare than was expected in the face of the onslaught of Covid, which claimed over 200,000 lives in India during the second wave. At Rs 86,200.65 crore, the budget estimate (BE) for FY23 is about Rs 12,000 crore higher than last year's BE of Rs 73,932 crore, but it is just Rs 200 crore more than the revised estimate (RE) for FY22 (Rs 86,000.65 crore). India ranks 179 among 189 countries in priority given to healthcare in government budgets.

On the brighter side, a national telemental health programme will be launched through NIMHANS, Bengaluru. "A national network with 23 centres to provide online mental healthcare is a welcome step considering how the pandemic has triggered a silent global mental health epidemic," says Dr G. Prasad Rao, president, Asian Federation of Psychiatry Associations. To give an impetus to digital health initiatives, including the unique health identity, the National Digital Health Ecosystem will be rolled out as an open platform. It will have digital registries of health facilities.

Graphic by TANMOY CHAKRABORTY



HEALTH SPENDS

Public health expenditure (total of central and state spending) has remained between 1.2 per cent and 1.6 per cent of GDP since 2008-09, and there has been only a marginal increase year on year

BE: Budget estimate; RE: Revised estimate; all figures in Rs crore; Source: Budget documents

Public expenditure on healthcare, though, left much to be desired. Allocation for the National Health Mission was increased by only 1 per cent to Rs 37,000 crore for 2022-23. "The budget is silent on increase in public expenditure on health, which is a critical reform for improving healthcare access across India," says Vishal Bali, executive chairman of Asia Healthcare Holdings, an operating and investment platform focused on single specialty healthcare.

According to Dr Guru N. Reddy, chairman & MD, Continental Hospitals, Hyderabad, India has been underfunding healthcare for long. "Any allocation less than 3 per cent of GDP at this juncture will be painfully sub-optimal and we will continue to suffer. No developing nation has gone on to achieve developed status with a paltry budgetary allocation to health," he says. Reddy suggests that all national health missions be entrusted to experienced private bodies with a committee of distinguished healthcare leaders overseeing them for effective implementation.

The medical devices sector is disappointed that the government has not moved forward on promised reforms. "No measures were announced to help end the 80-85 per cent import dependence [for medical devices] and India's ever increasing import bill, currently at over Rs 46,000 crore a year," says Rajiv Nath, forum coordinator, Association of Indian Medical Device Industry.

Given the rising healthcare costs, experts feel the government should bring more citizens under private insurance through subsidies for segments not under any state-run health scheme. For this, it needs to mandate businesses to provide insurance cover to employees. Industry experts put the number of Indians without health insurance at 560 million—over 40 per cent of the population. A GST rate cut on health insurance premiums and the granting of infrastructure status to health facilities, they say, can go a long way in boosting access to quality healthcare. ■

GOOD EARTH Mustard fields in Amritsar

ANI

3.1%

The percentage of the Budget allocated to agriculture

422%

The increase in the allocation to the Rashtriya Krishi Vikas Yojana

THE PROMISE IS OVER

There is no more talk of doubling farm incomes, and while the emphasis on green farming is good, the sops continue with no clear future roadmap

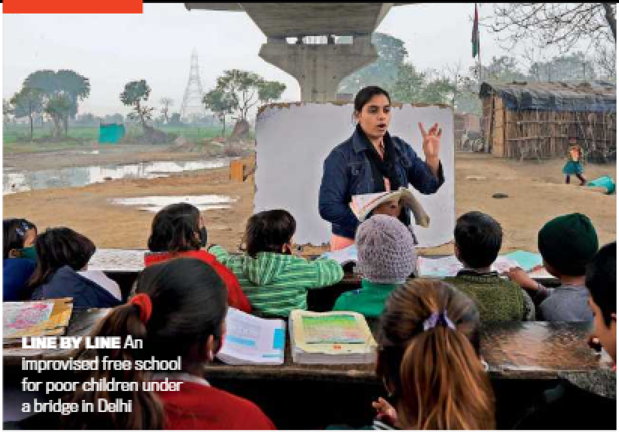
By ANILESH S. MAHAJAN

With Prime Minister Narendra Modi's ambitious agriculture reforms hitting a dead end with the repeal of the contentious farm laws, one might have expected Finance Minister Nirmala Sitharaman's budget presentation to open a new front in this effort. However, though her presentation was peppered with talk of improving agriculture via technology, by using drones, promoting chemical-free farming—and an emphasis on farms in a five-kilometre-wide corridor along the river Ganga—it stopped short of reiterating the promise to double farmer incomes.

While the budget's agri-proposals may have sounded good, they will impact less than 1 per cent of the 200 million farm owners in India. Secondly, even farmers already making use of organic and natural farming are still struggling as a result of a lack of institutional reforms in the government agencies supporting them. "The announcements made are well intended, but institutions must develop communications among farmers, scientists, activists and other relevant stakeholders," says Umendra Dutt, executive director of Kheti Virasat Manch.

In her budget presentation, the finance minister allocated about 3.1 per cent of the total expenditure—Rs 1.24 lakh crore—to the Department of Agriculture and Farmers' Welfare. Three schemes account for about Rs 1.03 lakh crore—PM Kisan (Rs 68,000 crore), interest subvention on short-term credit (Rs 19,500 crore) and crop insurance (Rs 15,500 crore). Sitharaman also encouraged state governments to revise the syllabuses of agricultural universities to meet the needs of natural, zero-budget and organic farming. The Paramparagat Krishi Vikas Yojana, which aims to provide support to organic farmers, does not have much of a budget this year, though the finance minister did allocate some Rs 198 crore toward the development of organic farming in northeast India.

All things considered, the budget does not appear to offer a roadmap for private investment. There has also been a cut in the Agriculture Infrastructure Fund, aimed at developing farm-gate infrastructure. In 2021-22, the Centre had budgeted Rs 900 crore to this effort; for 2022-23, Sitharaman has allocated Rs 500 crore. There has been a 422 per cent increase in the allocation to the Rashtriya Krishi Vikas Yojana, from Rs 2,000 crore to Rs 10,433 crore. This scheme gives state governments the liberty to assign their own priorities to schemes within the larger allocation, allowing them to decide interventions based on local priorities. In recent years, the Centre had been tapering down this scheme, but reversed course this year. Similarly, the Krishi Unnati Yojana was reintroduced, with a budget of Rs 7,183 crore. In 2016-17, it included a cluster of 10 schemes, with a budget of Rs 7,580 crore. This time around, it incorporates a different set of 10 schemes. To encourage the domestic production and processing of vegetable oils, about 21 per cent of these funds have been allocated to palm, oilseeds and edible oil. ■



LINE BY LINE An improvised free school for poor children under a bridge in Delhi

AMARJEET KUMAR SINGH/GETTY IMAGES

'E' FOR EDUCATION

The expanded e-Vidya scheme sees a big push in the education budget. Can it bridge the divide?

By SHELLY ANAND

While making the Budget 2022-23 announcements for the education sector, Finance Minister Nirmala Sitharaman admitted that due to the pandemic-induced closure of schools, children, particularly in the rural areas and those from the weaker sections, have lost almost two years of formal education. "To build a resilient mechanism for education delivery, the 'one class-one TV channel' programme of PM e-Vidya will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for Classes 1 to 12," she said.

₹1.04 LAKH CRORE

Budgetary allocation for the education sector in 2022-23, a hike of 11.9%

₹10,233.7 CRORE

Funds alloted for PM Poshan (the renamed school mid-day meal scheme) in 2022-23 is Rs 750 crore less than previous year

With special emphasis on reducing the learning gap and making digital education feasible, the minister announced an 11.9 per cent increase in the financial allocation for the education sector—from Rs 93,234 crore in 2021-22 to Rs 1.04 lakh crore in 2022-23. The minister also announced the opening of a digital university for quality universal education and setting up of skilling e-labs.

It's the decision to expand the 'one class, one TV channel' programme, though, that has garnered most attention. Launched originally in May 2020, the expanded initiative will make it possible for each state to deliver classes in regional languages through dedicated TV channels. The full course will be covered just like in school and each subject class will have its own timings and QR-coded books. Currently, the 12 existing channels (one dedicated to each Class, from 1 to 12) telecast curriculum-based educational content in Hindi and English, developed by NCERT and other academic agencies. Students don't need an Internet connection and can watch the content just like other TV channels.

The pandemic has been a major setback for the education system in India, with school-going children, particularly from the rural pockets of the country, the most affected given the lag in infrastructure, internet facilities and the lack of familiarity with digital technology among the teachers and students. Praveen Raju, co-chair, FICCI ARISE, and founder, Suchitra Academy, says, "The most commendable part of the e-Vidya programme is the high-quality edutainment content, which will be compatible with mobile phones, laptops, radio as well as TV. It will benefit students living in marginalised areas where online education is still a dream." The access for students will be facilitated through e-content in all spoken languages with the motto of not leaving a single learner behind.

Meanwhile, there has been some criticism too. The National Scheme of Incentive to Girls, a scholarship scheme for female students from the SC/ ST communities and rural areas, gets no financial support this year; so too the Padhna Likhna Abhiyaan, a basic literacy scheme for adults. More importantly, funds have been cut for PM Poshan (the renamed mid-day meal scheme in schools), which gets Rs 10,233.7 crore, Rs 750 crore less than last year. ■

Kunal Nandwani

CRYPTO GAINS SOME CURRENCY

After months of doubt, cryptocurrencies finally made their way into Budget 2022, inviting mixed reactions. India has recently seen a considerable surge in crypto adoption, making it a global leader in this area. However, there are still many grey areas investors should be aware of.

The government has defined a new asset category—'virtual digital assets'—which includes cryptocurrencies and non-fungible tokens (NFTs). There are two key implications of this. Firstly, by not defining cryptocurrencies separately, the Centre has not considered their merits as currencies, which was actually the primary reason tokens like Bitcoin were created. The government has made it quite clear that it does not want to give cryptocurrencies a standing on par with the Indian rupee. The second is that the definition of virtual digital assets is so broad that it can include tokens, coins, reward points, credit card points, fungible tokens, etc. For example, Cred is famous for incentivising users by giving them Cred coins. Going by the government's definition, these could also be categorised as virtual digital assets.

The government has also decided to levy a 30 per cent tax on all virtual digital asset transactions, whether short-term or long-term in nature. Additionally, it has clarified that losses incurred on cryptocurrencies cannot be offset against profits from any other asset or business. Generally, if you are a regular stock market trader, you can offset losses on one share against profits on another. As a professional trader, you can offset market losses against profits in any other business you own. The government has closed the doors on such accounting with cryptocurrencies, and individuals are expected to bear incurred losses, without even the option of carrying them forward. This, along with the high tax rate, is enough to discourage some investors.

Another hindering factor is the one per cent TDS (tax deducted at source) that will be levied on all transactions—even if you are just transferring assets from one wallet to another, you will bear an added cost. A key characteristic of digital assets is that transactions are free and efficient, but with TDS, people will think twice about transacting. Taxation may deter smaller investors from getting on the crypto bandwagon, while providing some clarity to others. There is also a possibility that people will find ways to dodge the tax, creating further problems.

THOUGH TRADING IS NOW BEING TAXED, CRYPTOCURRENCIES HAVE NOT YET BEEN LEGALISED. THIS WILL BE TAKEN UP IN THE PROPOSED CRYPTO BILL

The cheer from a large section of the public came from the idea that taxing cryptocurrencies implied a legalisation of the asset. There is no crypto bill as yet that either legitimises or criminalises cryptocurrencies, but that does not take away the government's right to impose taxes. In fact, the Supreme Court has, in the past, allowed the government to tax illegal income. In her post-budget interactions with the media, Finance Minister Nirmala Sitharaman said clearly that the taxation of virtual assets did not in any way mean they had been legalised. The issue of legality will be dealt with in the proposed cryptocurrency bill. Referring to the RBI (Reserve Bank of India), she said that a currency can be issued only by the central bank, even if it is a cryptocurrency. Privately issued tokens, even if they are referred to as currencies, do not qualify. She made it clear that since buying and selling was already taking place and since profits were being made in cryptocurrencies, nothing stopped her from taxing them.

The final major announcement by the government was that the RBI would introduce a digital currency based on blockchain technology. The motivation for a digital currency issued by the RBI has not been made clear as yet, and such a currency may not add much value in the Indian ecosystem, for two reasons. Firstly, if the currency is centralised and controlled by the RBI, it cannot be called a cryptocurrency. The hallmark of cryptocurrencies is that they are decentralised and cannot be controlled by any one party. The RBI's proposal is in direct contradiction to this. Secondly, if the purpose of a digital currency is to offer the option of digital payments, then launching a new currency is not needed—that is already being done through the Unified Payments Interface (UPI) and propagated by the likes of Paytm, Google Pay, PhonePe, etc. Therefore, a lot of clarity still needs to emerge on India's own digital currency. ■

Kunal Nandwani *is co-founder and CEO, uTrade Solutions*

ASSEMBLY POLLS 2022

GOA

MANDAL ON THE MANDOVI?

Amidst all the personal and party rivalries, a novel factor—backward caste politics—reshapes Goa's electoral map

BY KIRAN D. TARE

It's a pleasant mid-January morning in Sankhali, an old inland town in north Goa that once used to be a small but bustling entrepot connecting the coast downriver and the Ghat sections on the east. Sanquelim, they used to call it, but here, almost 25 miles from the coast, there isn't a lot of that old Lusitanian accent to things—it's more classic middle India. Pramod Sawant syncs with that modest landscape as he gets ready to leave his house for the day's campaigning—looking pretty much like the 49-year-old Ayurvedic doctor he would have been had he not joined politics.

You don't much see the Indian politician's trademark khadi uniform in these parts; India's 'common man' look defines the Goan variety of the species. Sawant is no exception—the black dial Rado watch on his wrist is the only sign of indulgence as he comes out barefoot onto the porch, outfitted in a spotted white shirt, grey trousers and a white N-95 mask. A plastic chair separates the chief minister from the queued-up crowd. After the last citizen gets his two minutes and the last written appeal is filed away, Sawant goes inside, emerges in black cut shoes and gets into his white Innova Crysta, next to the driver. The convoy is just two police vans.

At Vitthal Nagar, a nearby hamlet that had attracted eyeballs after villagers agitated against iron-ore mining for close to two months, some 60 BJP workers are gathered in a ground near a small Ganesh temple. After duly seeking the deity's blessings, the CM turns to the people, cites his "100 per cent" record in local public works and apologises for his less-than-constant presence as the local MLA. "I hope that will not deter you from blessing me in this election," he concludes. The audience cheer for their 'dotor' (doctor in Konkani).

In its first assembly election in Goa in the absence of its stalwart—Manohar Parrikar, who passed away in 2019—the BJP is banking on Sawant to pull it through to a third consecutive term. The dotor believes he has been doing more than just a holding operation. He

Photographs by MANDAR DEODHAR

THREE'S A CROWD (from left) AAP's CM candidate Amit Palekar in Panjim; Goa CM Pramod Sawant in Sankhali; and independent Utpal Parrikar (right) in Panjim

CRUMBLING PIE

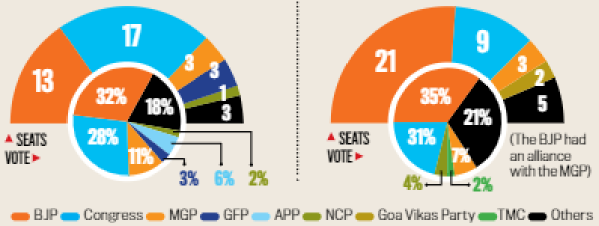
The BJP and Congress have, till now, dominated Goa's politics

ASSEMBLY ELECTION (2017)

Total seats **40**

ASSEMBLY ELECTION (2012)

Total seats **40**



LOK SABHA (2014)

Total seats **2**

BJP **2**

LOK SABHA (2019)

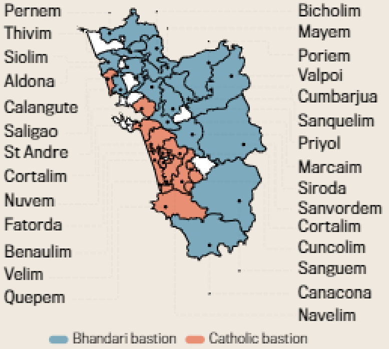
Total seats **2**

INC **1**

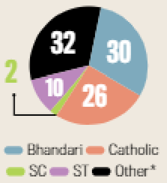
BJP **1**

COMMUNITY MAP

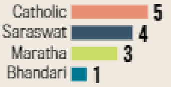
When it comes to political representation, the Bhandaris have fared the worst



VOTERS (%)



Total CMs so far: 13



'Other': 10 per cent Muslim (mainly concentrated in Bicholim, Vasco and Madgaon); 7 per cent Marathas (mainly in Sankhali, Mandrem); 2 per cent Saraswat Brahmins (mainly in Panaji, Madgaon); 13 per cent are other non-SC/ ST. Pernem is a reserved seat for SCs, who have sizable numbers in Vasco too. STs are in good numbers in Canacona and Fatorda.

Graphic by ASIT ROY

feels he has scored on both infrastructure and social welfare, and that it will suffice to help the BJP win over 22 seats in a total of 40 when Goa votes on February 14. "The wide network of roads and bridges, the online delivery of services...Goa has never seen these before," Sawant tells INDIA TODAY. Despite his optimism, perhaps not even the most ambitious punter in Goa's controversial casinos could bet too confidently on any one party taking over half of the state's constituencies. Goa's political map used to be a virtually bipolar one—the smaller parties cohered around the Congress or the BJP. No longer. With parties like AAP and TMC in the fray as serious players, the contest this time is way more fragmented, complex and, therefore, unpredictable.

It was a dizzying game of predatory politics that took the BJP from 13 MLAs to its highest-ever tally of 27. Sawant put the absolute majority to good, productive use—at least politically. "We won all the zilla parishad and municipal elections with a huge majority because the people showed faith in us," he says. That, however, did not insulate him from anger over three burning issues—all tied to that difficult balance between the environment, livelihoods and macro-economics. One, iron ore mining, which still stands effectively banned by the Supreme Court; two, the proposal to double Goa's coal-carrying facilities, altering natural structures from the coast all the way to the Ghats; and three, green concerns over a proposed IIT campus at Melauli. The state's desperate green warriors see the standstill on iron ore as a reprieve but it was bound to affect the economy—mining was Goa's largest industry. The ban is estimated to have resulted in annual economic losses of Rs 6,000 crore since 2018, directly or indirectly affecting the livelihood of 250,000 people. So Sawant has voted for holding firm on his coal-carrying project while ceding ground on the campus location. Economic logic, after all, has to pass the people test. Especially when there are other leaders who can stir the vindaloo pot.

Michael Lobo, with his dramatic rags-to-riches story, is one of them. At Candolim in the Calangute constituency, he is going door-to-door with folded hands. Lobo used to be a dishwasher at a restaurant as a teenager but is now the owner of two resorts, two restaurants and a dozen bungalows. Known for his political manoeuvring skills, his return to the Congress—after nearly 17 years in the BJP—has helped galvanise the party. "The BJP has drifted away from the principles of Manohar Parrikar," he says, rationalising his move—and also his choice of the Congress as an "inclusive party" that does not "differentiate between people based on their caste and religion".

Lobo's arrival marks the mood of resurgence in the Grand Old Party, which hasn't had much to celebrate for five years. As a returnee, Lobo may be a curious fit in the party's present stand against turncoats, but it's holding fast to that, at least in the recent cases. (As Curtorim MLA Alexio Reginald Lourenco found to his dismay, being refused renomination as punishment for his week-long detour to the TMC in December!) It's a hard stand to take for a party that came down from 17 in 2017 to two in 2021, but it's a bold and widely appreciated decision nevertheless. And, riding on strong anti-incumbency sentiments, the Congress is making a virtue out of it by fielding many new faces.

Its confidence has spilled over to the tricky territory of alliance-making: it chose to tame Goa Forward Party (GFP) chief Vijai Sardesai's ambitions, offering only three seats against a demand of 12. But nothing reflected its new verve better than the way it refused to entertain the TMC's quest for a grand alliance against the BJP. The war of words between Congress poll in-charge P. Chidambaram and his TMC counterpart Mahua Moitra left both parties wounded. But the former never wavered. His question was simple: why would the Congress tie up with a party that was, till the other day, poaching from it? The TMC's counter is that it was at least stopping Congressmen from joining the BJP! "Opposition can't be singular. It has to be plural," argues Omprakash Mishra, TMC media head. "When we came to Goa, the Congress was in bad shape. Had they been in a position to defeat the BJP, we would not have come to Goa."

That arrival had indeed started with a blitz of 'friendly fire', back in October. First up, it lassoed in none other than then state Congress chief Luizinho Faleiro, followed by a whole series of candidates, from the Congress and elsewhere. But after its initial publicity extravaganza—which saw Mamata Banerjee posters come up all over Goa—the party seems to have lost its sheen. At first, the GFP declined its proposal for a merger, preferring that modest bargain with the Congress. Then, at least five new inductees quit the party within weeks. Its 'secular' challenge to the BJP also stands clouded after its alliance with the Maharashtrawadi Gomantak Party (MGP), whose Hindutva inclinations are fairly open. (TMC is contesting 26 seats; MGP, 13—the alliance is not contesting one seat, Panaji). "You might call it an alliance of different ideologies but it will create the ground for a BJP defeat," says Mishra. The TMC think-tank believes it could garner the Catholic votes based upon its secular credentials, while the MGP can make a dent in the BJP's Hindu votes.

CHECKS AND BALANCES

A look at the strengths, and weaknesses, of the major players

BJP

STRENGTH In power for a decade with a strong organisational network
WEAKNESS Anti-incumbency, rebellion within party
ALLIANCE PARTNER None

CONGRESS

STRENGTH New faces in the fray
WEAKNESS Poor organisation
ALLIANCE PARTNER Goa Forward Party

AAM AADMI PARTY

STRENGTH Contact with the masses in south Goa
WEAKNESS No vision for the state except freebies
ALLIANCE PARTNER None

TRINAMOOL CONGRESS

STRENGTH Impressive campaign
WEAKNESS No mass connect
ALLIANCE PARTNER Maharashtrawadi Gomantak Party

Meanwhile, AAP has managed to set off some ripples. Not only was it the first to announce a CM candidate, its choice—the popular Amit Palekar—taps into a fallow part of the field: backward caste politics. AAP chief Arvind Kejriwal had been scouring the landscape for a way to mobilise the Bhandari community, an OBC group. Palekar, a lawyer-activist, is a Bhandari face who fits right into AAP's narrative that it's seeking to claim centrestage for Goa's largest community. As the Brahmin-Maratha-Catholic triangle dominated the region's political history, the Bhandaris have mostly been neglected. It is ironic that it has fallen upon Kejriwal, whose political beginnings lie in anti-reservation politics, to Mandalise Goa, so to speak. "Our talented youth are moving out because there are no opportunities for them," Palekar says, blaming corrupt politicians. "If elected to power, I will

BACK TO SQUARE ONE Congress candidate Michael Lobo campaigning in Calangute

put the system in place in 24 hours," he declares.

The TMC, too, was an early mover on the caste front—even before AAP's Palekar gambit, it had made Kiran Kandolkar, a prominent Bhandari leader and an import from GFP, its state president. Kandolkar and wife Kavita are contesting from Aldona and Thivim, respectively.

The Bhandaris account for 30 per cent of Goa's 1.1 million voters and can clinch at least 17 seats. The community's 19 sub-castes constitute 63 per cent of the state's OBC population. Among the 13 people who have risen to be CM (for a total 24 times) since Goa's liberation from Portuguese rule in 1961, there has been only one Bhandari: Ravi Naik, who briefly got the chair twice in the early '90s. This is despite the fact that power in Goa is contingent upon how this largely agricultural community votes. In north Goa, their votes can often directly define outcomes. A Bhandari candidate with Catholic backing would be a sure winner. Explaining the arithmetic, a senior BJP leader cites Saligao in north Goa where Bhandaris are 45 per cent and Catholics 30 per cent. "All parties are fielding a Bhandari there, but they will need Catholic support to win," the leader says.

AAP seems to have understood the importance of the Bhandari-Catholic combination. Kejriwal has announced that the party will have a Catholic as deputy CM if it is voted to power. In 2017, AAP had projected former government official Elvis Gomes as its CM candidate to attract Catholic votes—Gomes lost, and AAP failed to open its account. Learning from its mistake, it has fielded mostly Hindu candidates this time, only taking care that most are from OBC denominations. "We are correcting the caste politics played by other parties," he said on January 19. Will this get Bhandaris to drift en masse toward AAP? Rajendra Desai, a political commentator, is sceptical. Goa does not vote on caste lines like UP, he says. "All parties have Bhandari leaders. The credentials of a candidate matter more than his caste in Goa," he says, but concedes AAP's gambit has made the Bhandari community realise its worth.

> **WITH PARTIES LIKE THE AAP AND TMC IN THE FRAY AS SERIOUS PLAYERS, THE CONTEST IN GOA IS WAY MORE FRAGMENTED, AND UNPREDICTABLE**

There are other forms of loyalties in play too. One of them comes into view as evening falls in congested Muslimwada in the St Inez area of Panaji. Carrying a mobile phone plugged to a power bank in his left hand, holy threads tied on his right, touching the feet of the elderly and shaking hands with the young, Utpal Parrikar presents a vision that's a blend of the past and future. The son of Manohar Parrikar now sports a beard, but the denim-clad 40-year-old still looks quite the scion—and is received that way by the public. At a house, an elderly woman calls him back—he has just turned after touching her feet. "You didn't tell me you are Parrikar," she said. "You don't need to come to us. You may count on our votes."

Utpal believes those who liked his father will stand behind him. But he may still struggle to create sufficient momentum around his headline-making rebellion against his father's party to take him to a famous victory. Panaji may be a constituency his father nurtured since 1994, but the politically well-travelled Atanasio 'Babush' Monserrate, the man Utpal was overlooked for, controls all the 24 corporation wards that fall within its limits. "If the BJP had fielded a clean candidate, I would have withdrawn," says Utpal. "But I could not be a mute and passive spectator to Panaji's steady but certain decline and eventful demise." The community arithmetic, though, is stacked against his independent candidacy. In Panaji, the 23 per cent Catholic and 20 per cent Saraswat voters are key to success. Utpal, a Saraswat without party backing, might find it a herculean task to shift the Catholic and OBC voters in his favour. Especially considering the strong resentment among OBCs on the caste front. The slogan 'Aani Ek Baman Aamka Naka (we don't want one more Brahmin)' has been getting traction. Just another signpost to the subterranean social shifts that have animated a long-static political field. ■

विशाल
महापंचायत
मुजफ्फरनगर की धरती पर
अहसान त्यागी
चलो
जी.आई.सी.
मैदान में

CENTRAL ISSUE
Farmers at a 'kisan mahapanchayat' in Muzaffarnagar during the protests against the Centre's farm laws in September 2021

MANEESH AGNIHOTRI

ASSEMBLY POLLS 2022

UTTAR PRADESH

DOING THE DOAB

Identity or livelihood? Between these two streams lies a dilemma for the voters of western UP, ground zero for the most contentious issues of our time

BY PRASHANT SRIVASTAVA

Looking accross the Yamuna from Kairana, Uttar Pradesh, you can see the fields of Haryana's Panipat district—the legendary battlefield is less than an hour away. But it's the riparian flatlands of western UP, teeming with sugarcane and angry men, that could well be the historic battleground of our times. The battle is one of ideas—a battle for minds—and will perhaps still be raging in crores of individual minds as the region lines up to vote in the first two phases from February 10-14. This was ground zero for some of the most contentious issues of our times: an epicentre of last year's farm agitation, and also a Hindutva laboratory for over a decade. That, combined with the Doab region's complex mix of communities, makes for competing loyalties of the most intense sort. How each individual voter resolves those issues will decide over a quarter of Uttar Pradesh's 403 seats—across a swathe that runs from the temple town of Mathura in the south to Saharanpur up north near the foothills.

The Jat community, dominant in over 50 seats of this region and influential in the rest, are the heart of this conflict. Near-complete converts to the saffron cause till the other day, the farm unrest saw them mobilise defiantly on non-identitarian grounds. The ruling BJP naturally wishes to stanch that trend. That's why Union home minister Amit Shah was here, going door-to-door, reminding them of the alleged 'Hindu exodus' in Kairana in 2014-16, even throwing in anachronistic references to the Mughals. It's a rich vein the BJP has successfully mined in the past, and could work again—at least enough to divide their votes into innocuous fragments.

Shah's statement that the BJP's doors are open for young Rashtriya Lok Dal (RLD) leader Jayant Chaudhary, grandson of Jat icon and former prime minister Charan Singh, is part of the attempt to soften up the irate community. A BJP functionary tells INDIA TODAY, "After the death of Chaudhary Sahab (Ajit Singh), there's a soft corner for Jayant among Jats. They want to see Jayant as their political voice, so rather than targeting Jayant, we are targeting the Samajwadi alliance. We still hope that over half of all Jats will vote BJP."

IN THE RUNNING

SHRIKANT SHARMA
Uttar Pradesh's power minister, contesting from Mathura

PANKAJ SINGH
The son of Union Minister Rajnath Singh, contesting from Noida

BABY RANI MAURYA
Projected as a Dalit BJP leader, contesting from Agra (rural)

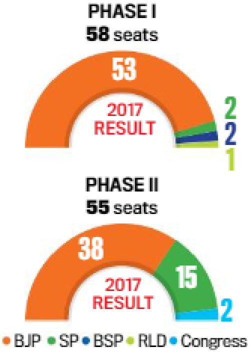
AZAM KHAN
A senior Samajwadi Party leader, Khan, who is currently in jail, is contesting the Rampur Sadar seat. His son Abdullah is contesting from Suar, in the same district

JAYANT CHAUDHARY
A Jat icon, Chaudhary's performance in this election will decide his political future

Jayant is not biting—he's standing firm with the BJP's main rival, the Samajwadi Party (SP). The SP-RLD's main thrust is on aggregating their individual catchment areas, creating a united Jat-Muslim-Yadav votebank that at least theoretically results from their alliance. At the same time, they are mindful of the danger of erosion in their ranks and want to forage further out. That's why the alphabet soup that was the staple of election-watchers in the previous century is back in fashion—with a new permutation. Instead of the old 'AJGAR' umbrella, the talk this time is about the 'GAJAB' formula. To unpack that, one needs to go back to the days when the Congress, in its heyday, held a monopoly over power by bringing together Brahmins, Dalits and Muslims. To counter that, in the 1960s, Charan Singh had prepared a coalition of non-Brahmin, non-Dalit communities with a significant presence in western UP. The AJGAR formula—referring to the alliance he created of Ahirs, Jats, Gujjars and Rajputs—took him to chief ministership and beyond, and opened up the space for non-Congress politics in India.

AJGAR won't quite work now. Ahirs, a synonym for Yadavs, are a dependable bloc for SP chief Akhilesh Yadav but the Rajputs are seen to be completely loyal to the BJP. So they have spun a new power acronym—'GAJAB'. That's an amalgam of Gujjars, Ahirs, Jats and, hold your breath, Brahmins. The SP essentially wants to compensate for the absence of Rajputs with Brahmin votes. However counter-intuitive it may seem for Mandal messiah Mulayam Singh Yadav's son to be pursuing the twice-born, it can make sense in the context of UP—where a section of Brahmins are always said to be upset at being sidelined in Yogi Adityanath's 'Thakur raj'. Hence, the unlikely spectacle of SP leaders bemoaning the neglect of Brahmins. Accomplishing 'GAJAB' may still be a long shot, though. The 'G', Gujjars, are not exactly an automatic shoo-in into a package that includes the Jats—not to speak of the residual Jat-Muslim animus.

LAST TIME AROUND



Graphic by ASIT ROY

Mathura, which also formed part of Shah's itinerary, is another laboratory for that experiment. Here, the BJP is keeping the Krishna Janmabhoomi issue on slow burn, ready in case of emergency. Ram Das, a local *sadhu*, discounts the hype, saying, "Mathura is a town of love and peace. Hatred has no space here." For the SP-RLD alliance, the main headache is to keep the hatred between their workers at a minimum for a successful vote transfer to each other's candidates. The differences that cropped on several seat allocations—for instance, the way RLD's Yogesh Nauwahr had to make way for SP's Haryana import Sanjay Lathar in Mant, a Jat-dominated constituency—amplifies the ground-level discomfort. In Meerut's Siwalkhas, the Jats created a ruckus after the SP got its Muslim candidate to contest on the RLD symbol—putting paid to senior RLD leader Raj Kumar Sangwan's chances. Despite Jayant's firman for unity, and despite all the '*samanvay samitis* (coordination committees)' on the ground, an old pattern threatens to resurface: Muslims supporting Jat candidates, but Jats not being too keen to return the favour, particularly in seats where the BJP has also fielded a Jat candidate. It's that inner battle of loyalties. ■

CHARITY ENDS AT HOME

Hemmed in by rivals within the Congress, the former CM is forced to fight a tough election from a BJP bastion

ANILESH S. MAHAJAN

On January 30, while out trying to connect with his voters, Congress leader Harish Rawat landed up at a kabaddi court in Bindukhatta village. The 73-year-old playfully entered the arena for a few minutes of friendly jousting, even scored a point or two. His real game will need to be less desultory, though. Bindukhatta, in the Terai section of Uttarakhand's Nainital district, comes under Lalkuan constituency, and it's not an electoral battlefield of choice. Rawat was slated to contest from Ramnagar next door, a relatively easier seat, but lost out to...shall we say, inner-party democracy? Now, the former CM has been paradropped right into an enemy fastness, and he'll be up against the BJP's Mohan Singh Bisht. A bit like blundering perilously into the other half of the kabaddi court—love may be hard to find on February 14, voting day.

Love is a scarce commodity even within the Congress camp. If Uttarakhand's electoral politics is largely bipolar, the Grand Old Party is itself a bipolar entity within it. Harish Rawat, despite being the tallest party leader in the state, forms only one axis. The other is Pritam Singh, who is a decade younger, is state LoP and perhaps Rawat's fiercest opponent. Considered close to Rahul Gandhi, Pritam has enjoyed a rising graph in recent years but has yet to demonstrate that he can single-handedly take the party to electoral victory. Rawat returned to Uttarakhand politics recently after relinquishing charge of Punjab. But things haven't gone his way in his home state. Denied a free hand in candidate selection, he sulked, but earned only a minor sop—being made head of the campaign, not the party's CM face.

Being unable to insist on his own seat is a sign of how the equations have changed for Rawat. What made him withdraw from Ramnagar was a counter-claim from state Congress working president Ranjit Rawat—a Pritam acolyte. The latter was eventually nominated from Salt constituency in Almora district, but by then Harish had relented and shifted to Lalkuan. But his headache migrated with him. Sandhya Dalakoti, whom Rawat had replaced in Lalkuan, went right ahead and filed her nomination too as an Independent. She reportedly has Pritam's backing. Lalkuan is just one of the 29 seats where rebel candidates threaten to mar the Congress's chances. Harish has chosen to grin and bear it—calling himself "a true soldier of the party"—but his loyalists concede that for a leader nursing chief ministerial ambition, being hemmed in thus has dented his image.

For all this, some Congress leaders in Delhi believe it will be hard for the BJP to buck the strong anti-incumbency. The Congress had only 11 seats in the outgoing 70-member assembly but bagged 34 per cent of the vote share. The BJP got 57 seats with a hefty 47 per cent vote share. That may well be trimmed, but one worry for the Congress is whether it can hold on to the 14 per cent Muslim vote, for which there are multiple contenders this time. The BSP, SP and Asaduddin Owaisi's AIMIM have fielded 18 Muslim candidates, including in Haridwar (Rural) where Rawat's daughter Anupama is in the fray. Muslims are largely concentrated in Haridwar district, besides a sprinkling in Udham Singh Nagar and pockets of Nainital and Dehradun. The BSP commands some influence in Haridwar district and the Dalit-Muslim combination got it 7 per cent of the total votes in 2017, mostly in Haridwar, though without any seat to show for it. What the Congress has going for it, besides the BJP's none-too-enthusing record in governance, is a matching graph of rebellion on the other side. The return of former Congressmen like Harak Rawat—whose ex-beauty queen daughter-in-law Anukriti Gusain has been fielded from Lansdowne—only deepens the schisms in the Congress though. ■

A HOUSE DIVIDED
Harish Rawat with party leaders in Dehradun

ANI

देश का नं. 1 हिंदी न्यूज़ ऐप

जुड़े रहिए हर खबर से,
कहीं भी, कभी भी

अभी डाउनलोड करें

aajtak.in/app

उपलब्ध है

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नमस्कार!
Missed Daily Capsule?
Tap to see it again.
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● **बड़ी ख़बरें**

जम्मू-कश्मीर

जम्मू-कश्मीर के शोपियां में बड़ा आतंकी हमला, 4 पुलिसकर्मी शहीद

पिछले कुछ दिनों में घाटी में आतंकी हमलों में तेजी आई है. एक ओर आतंकी सेना को निशाना बना रहे हैं, तो वहीं सेना भी ऑपरेशन चला

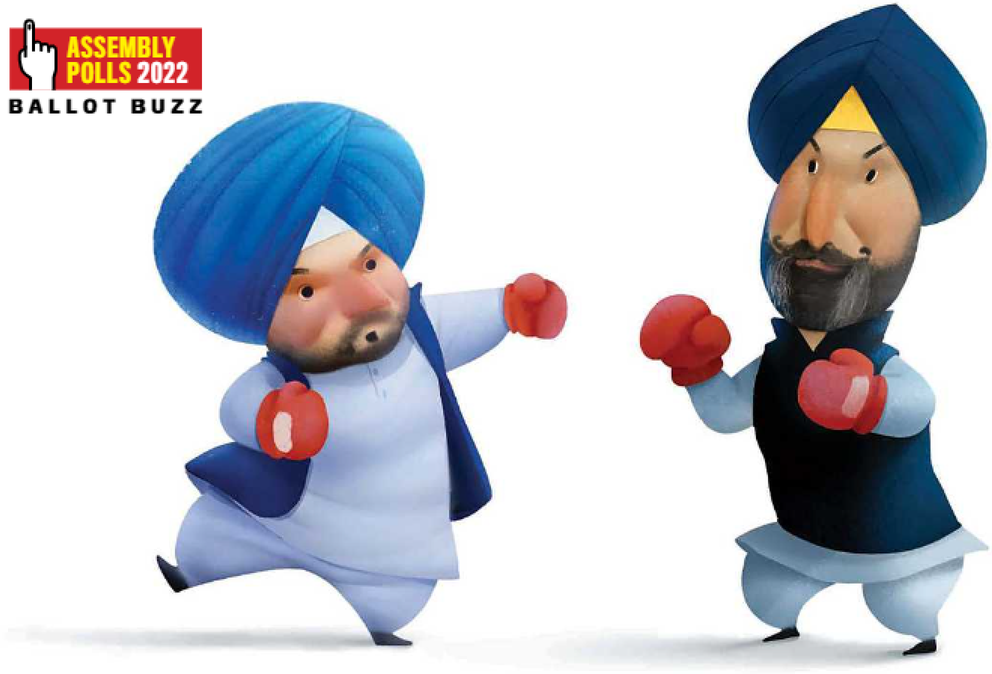


Illustration by SIDDHANT JUMDE

WINDOW SEAT
AMRITSAR EAST

IT'S PART OF THE KULCHA

Volleys of allegations and ripostes. A high-acidity campaign that breaks the sound barrier—and the civility barrier. Friends-turned-foes. Fiery speeches. Punjab's Amritsar East is right now a red-hot *tawa*, on which sizzles a Subhash Ghai-style masala blockbuster. In one corner is perhaps the most inflammable substance in Indian politics, Navjot Singh Sidhu—for whom, appropriately enough, they've reprised Churchill's old line, "the bull who carries around his own china shop". Now, Sidhu is the sort to hurl himself like a petrol bomb at anything that stands in the way of his ambitions, including his own party! Who would want to take him on? Who else but the controversial Bikramjit Singh Majithia, Akali Dal No. 2. Armed with a last-minute Supreme Court stay on arrest, and haunted by charges that paint him as the biggest political patron of Punjab's infamous drug trafficking scene, he has left his family fief next door, Majithia, to pick up the gauntlet thrown down by Sidhu. He has

THE MIC

"Be careful of the CAT (Congress, AAP, TMC). If it crosses your path, it will be inauspicious"

SHIVRAJ SINGH CHOUHAN
CM, Madhya Pradesh, while campaigning for the BJP in Goa

"Channi's regime was like a mohalla cricket team. No captain. Sidhu had the bat but kept sulking. Channi wouldn't let anyone else bowl. (Sunil) Jakhar left with all three wickets to Switzerland"

BHAGWANT MANN
President, Punjab unit of Aam Aadmi Party

revenge on his mind.

In 2012, it was Majithia who helped turn this urban constituency into a Sidhu estate. The ex-cricketer was still with the BJP. His gynaecologist wife Navjot Kaur Sidhu won the seat with the help of Majithia, who comes from a family with a centuries-old imprint on the Majha region. Sidhu fell out with Majithia and his brother-in-law, Sukhbir Badal, soon after. A lot of water has flown down the Raavi since then. In the past six months, hostilities peaked as Sidhu practically made it a personal agenda to fix his former ally. It was on his insistence that an FIR was lodged and raids conducted on Majithia's properties in connection with alleged connections to drug trafficking and sand mafia operations.

That sets it up as the big battle of 2022, with ramifications across Punjab, especially in Majha—the land between rivers Raavi and Beas. Majha's four districts have 25 assembly seats. In 15 of them, the Akalis are in direct contest with the Congress. Amritsar East, bang in the middle, has Jat Sikhs and *savarna* Hindus in equal proportion as roughly two-thirds of its electorate. Dalits of both denominations make up the rest. The Akalis hope this high-voltage battle will charge up the cadre elsewhere. Last heard, Sidhu was off to Vaishno Devi—perhaps anticipating a move on the party's CM face. ■

TWEET

"You didn't include anything in the budget for Uttar Pradesh. But what was the need to insult the people of UP like this? Understand, the people of UP are proud to be 'UP type'. We're proud of the language, dialect, culture and history"

–PRIYANKA GANDHI, *National General Secretary, Congress*

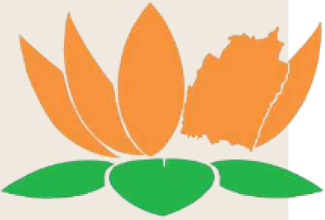
(Translated from the original Hindi response to Nirmala Sitharaman)

PARTY LINE: *BJP / MANIPUR*

ARJUNA WAS ELSEWHERE

Opinion polls, in their wisdom, have suggested an edge for the ruling BJP in Manipur. But fate is ensuring that the passage to that victory, if it comes, is paved with potholes—some perhaps even the size of constituencies. First, the saffron party lost its ally NPP, which has decided to go solo. The seat-sharing with NPF was less than smooth too. And almost incongruously, even Apna Dal (S), a BJP ally in Uttar Pradesh, has decided to field a candidate in Manipur! Then ticket distribution brought more than the usual quantum of chaos—the high number of aspirants first forced a delay, even as Congress and NPP released their first lists, and when the names did come out, near-riots broke out at party offices across the state.

Add to all this a touch of culture shock, courtesy RSS chief Mohan Bhagwat. Speaking at a book release in Imphal on January 24, Bhagwat said Manipur had been contributing to India's history since the Mahabharata. Social organisations are condemning the statement, saying it shows his ignorance about Manipur's history—because the Northeastern state has no relation to the eponymous kingdom named in the epic! Manipur may have voted saffron, but it's not exactly eager to be swallowed up in its cooptive narrative. ■



CANDIDATE WATCH: *ANTHONY MENEZES*

HOTEL CALANGUTE: THE WARM SMELL OF SORPOTEL

Anthony Menezes, a hotelier from Calangute, has seen some crazy twists and turns in his political career. Two decades ago, he had employed a young **Michael Lobo** as a waiter in his hotel. The street-smart Lobo gradually outgrew his master by a long country mile, becoming a Congress zilla panchayat member in 2005, then finding a propitious godfather in the late Manohar Parrikar and reaching the assembly twice on a BJP ticket. Meanwhile, Menezes too joined politics—a zilla panchayat victory came his way under Lobo's 'Together for Calangute' banner. Today, Lobo is the local Congress head honcho, and is eyeing a third straight win in Calangute. That essentially cut out Menezes, who had joined the Congress in 2020 and had fancied his own chances from the seat. Then his luck prevailed: a vacancy popped up in the TMC! Now, former employer and employee are pitted against each other. ■

UTTAR PRADESH

Thakur? No, Mathur

There are no signs of two impish hired goons on the horizon. So this is a *Sholay* where Thakur has to do it alone...er, make that Mathur. The hurly-burly of campaigning brought a nasty little accident for 66-year-old **Pradeep Mathur,** Congress candidate from Mathura and a four-time MLA. His left hand bore the brunt of it—X-rays showed multiple fractures. But Mathur is loath to pull out. Instead, he has postponed his operation to continue campaigning, adapting the famous movie dialogue for a new slogan: *"Ek haath hi kaafi hai BJP ko haraane ke liye"*. Mathura, which votes on February 10, is among those few constituencies where the Congress is in a direct one-on-one fight with the BJP. Unlike the Thakur of *Sholay*, Mathur of Mathura is also banking on sympathy. He may need it. Read the last item on the opposite page to know why. ■

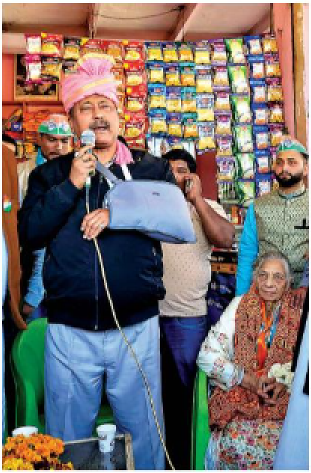


Illustration by SIDDHANT JUMDE

THE GRAND OLD MEN

94 NOT OUT... AND NON-STRIKER, 83

A lot of talk in politics is, by definition, ageist. Buzzphrases like 'the Young Turks' or 'youth dividend' seem to shine like dew when juxtaposed against 'the old guard' or 'margdarshak mandal'. But there are two veterans in the game who refuse to show any signs of retiring. One is an octogenarian who has opted out of the contest rather reluctantly. The other, 11 years older, is actually contesting. It was circa 1947, a full three quarters of a century ago, that Parkash Singh became the sarpanch of his village, Badal. As a mere 20-year-

old, the Dhillon Jat Sikh, who went on to adopt his village name as the customary surname, would perhaps have been the youngest amongst his peers. On January 28, when he filed his nomination papers from his traditional seat Lambi as a 94-year-old, Parkash Singh Badal became the oldest in the country to enter the electoral fray—bettering former Kerala chief minister V.S. Achuthanandan who won Malampuzha in 2016 at age 93.

In his long career, Badal has got his name into the books with more than a few records. He was Punjab's youngest CM in 1970, and also its oldest in 2012. He is a five-time CM. He has lost only one poll—and that was in 1967, with a margin of just 57 votes. That doesn't mean the veteran Akali is taking it lightly. Local newspapers have been full of how the veteran is on a door-to-door campaign in Lambi, accompanied by his daughter-in-law and former Union minister Harsimrat Badal. In the last week of January, even Covid caught up with him. But astoundingly, after being nursed back to health at DMCH in Ludhiana, he has hit the trail again—doing what he loves, meeting people in his constituency!

Down on the west coast, 83-year-old Pratapsingh Raoji Rane's journey didn't go as he would have liked. He did announce his decision to contest from Poriem, but there was a problem. His daughter-in-law, Divya Rane, was in the fray too as the BJP candidate. Son Vishwajeet, Goa's health minister, had his political manoeuvring skills tested to the maximum as he persuaded papa to walk away. A messy situation, which the media would have gleefully painted as a family feud, was averted. We don't know if this is the end of the road for the senior Rane—one of India's longest-serving MLAs (having been in the assembly without a break since 1972), a four-time chief minister and the tallest political figure in Goa. If he takes a leaf out of the Badal playbook, he has got at least another decade to go. ■

—with Kiran D. Tare, Kaushik Deka, Anilesh S. Mahajan and Prashant Srivastava

BADAL WAS PUNJAB'S YOUNGEST CM IN 1970, AND ALSO ITS OLDEST IN 2012. RANE IS INDIA'S LONGEST SERVING MLA, SINCE 1972

UTTAR PRADESH

Gotcha Chacha

It didn't come a moment too soon, the entente cordiale between nephew Akhilesh Yadav and his often petulant uncle, **Shivpal**. Even just before it happened, no one could have bet on it—after all, the second *bahu* of the Yadav family, Aparna, had acted on her old threat of joining the BJP. And many speculated that Shivpal would follow, increasing the pain for Akhilesh just before the election. Instead, Shivpal Yadav came back on board. "My supporters wanted me to contest the polls along with the Samajwadi Party, so I joined the alliance," he said. "In politics, one can't ignore the voice of the people. Now everything is fine between me and Akhilesh. I want to see my *bhatija* as chief minister again. His *chacha*'s blessings are with him." ■

UTTAR PRADESH

DHARMA OVER SHARMA

Former Uttarakhand CM B.C. Khanduri is not the only one who has to suffer being rhymed with 'zaroori'. The BJP's Mathura candidate **Shrikant Sharma** had an unflattering version rolled out for him. A local trader explained that Sharma's last tenure as MLA had left everyone underwhelmed, but they had to vote BJP anyway because of Yogi! "*Shrikant majboori hai, kyunki Yogi zaroori hai* (We must suffer Shrikant, just to ensure Yogi's return)," he said. Whether that expresses the majority sentiment or not, the Congress's One-Hand Jack, Pradeep Mathur, better watch out. ■

Gratitude: *The Key to Happiness*

Peace and contentment—the building blocks of true happiness—can only come from recognising the value of what you already have

By **JAYA ROW**

Illustration by SIDDHANT JUMDE

Happiness depends on our attitude—are we looking at the things we have or the things we don't have? You can have immense material wealth, but if you focus on the one or two things that you don't have, you will be unhappy. In Indian mythology, Sudama had nothing but he lived in a state of abundance.

Some of the most precious things that we have in life come free—the oxygen we breathe, wonderful family relationships or the good health we enjoy. The moment you become aware of all that you have, you become immensely grateful towards some power that has bestowed these blessings on you and then happiness automatically follows.

We must remember that in life we get what we deserve, not what we desire, and what we deserve is a result of the choices we have made in the past.

How to find happiness...

- **Focus on what you have.** This awareness leads to gratitude and puts your mind in a calm and peaceful state. When your mind is content and calm, your intellect becomes sharper and you are able to think clearly. That helps bring out the best in you which, in turn, helps you achieve more in life. Being content doesn't mean you shouldn't aspire for more.
- **Give.** Even before the actual act of giving, the very thought of giving can make you happy. You can give emotions, love, concern, knowledge and compassion. When you give, you gain, but when you grab, you lose. We haven't understood that. So, we are takers and not givers.
- **Begin your day by writing down five things you are blessed with.** You may or may not believe in god, but be aware of the power that has given you multiple blessings.
- **Teach children the joy of giving.** They will grow into successful, fulfilled and happy adults! Instead of telling them to do well so that they can make money, teach children how to work to serve people. That will bring them true happiness. ■

***Jaya Row** is a spiritual leader and founder of Vedanta Vision*
(As told to Aditi Pai)

What makes me *happy*

"Happiness for me is a state of mind. It is not dependent on material gains. I am happiest when the work we do gives joy to others. The idea of happiness has gone through a tumultuous change during the pandemic. Today, the quality of our thoughts matters more than our physical possessions because happiness cannot be owned or locked up in a box—it breathes and blossoms when we experience every minute of life with hope, grace, gratitude and humility"

HARSHAVARDHAN NEOTIA
Chairman, Ambuja Neotia Group

Happiness Quest: *A joint enterprise of India Today and the RPG Group celebrating exemplary initiatives to spread happiness*

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LEISURE

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BOOK REVIEW: 'FUNERAL NIGHTS' PG 66

CAPTURING INDIA'S MANY MOODS PG 67

Q&A WITH BHUMI PEDNEKAR PG 68

According to **SHAKUN BATRA**, a happy ending doesn't necessarily make for a satisfying ending

CINEMA/ OTT

AGAINST THE GRAIN

FILMMAKER **SHAKUN BATRA** HAS NEVER PLAYED BY HINDI CINEMA'S RULES, AND HIS UPCOMING *GEHRAIYAAN* ONLY REITERATES HIS QUIET ICONOCLASM

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IRS 2019 Q4 (TR)

SHAKING IT UP Stills from the Shakun Batra-directed *Gehraiyaan* (left); and *Kapoor & Sons*

In *Ek Main Aur Ekk Tu* (2012), arguably one of the more underseen debuts of the previous decade, writer-director Shakun Batra redefined the rules of romance. He told a love story that didn't have the kind of 'happily ever after' we have been trained to expect or recognise in Hindi cinema. Four years later, Batra followed it up with *Kapoor & Sons* (2016), a sensational family thriller that underlined with piercing clarity that it's not always about loving your family—sometimes, what's harder is living with them. Now with *Gehraiyaan* (streaming on Amazon Prime Video from February 11), a love triangle starring Deepika Padukone, Siddhant Chaturvedi, Ananya Panday and newcomer Dhairya Karwa, Batra wants to change the way Hindi movies villainise infidelity.

Growing up, Batra remembers questioning infidelity and the morality behind it. Reading *Intimacy*, British novelist Hanif Kureishi's 1998 novel, provided the 39-year-old filmmaker with the necessary inspiration. "I forget the exact quote from the book but it basically said that sometimes you have an affair not to find the one but to find yourself. I began from that when I was writing this film," Batra says over a Zoom call. "I was more interested in figuring out the stuff that is beneath the surface. Not so much what was actually happening but what was not being said."

IN HIS FILMS, SHAKUN BATRA REDEFINES THE RULES OF ROMANCE. HE FEELS HINDI CINEMA OVERSIMPLIFIES RELATIONSHIPS

Much of it stemmed from Batra realising that Hindi cinema is prone to oversimplifying relationships. "For a while, I've wanted to explore a more complex, grown-up relationship. But I also knew it would be boring to make yet another relationship drama where people look at each other with googly eyes until their libidos implode."

Indeed, Hindi cinema's long-standing hesitancy toward physical intimacy is frustrating. Batra remembers being influenced by the film industry's asexual gaze while making *Ek Main Aur Ekk Tu*. "At the time, I felt too shy as a storyteller. I felt confined by how we had told stories before and I didn't want to shake the boat." This time around, Batra wasn't making a film about a platonic relationship. So, he was keener to explore a romantic coupling where physicality played a huge part—a relationship drama that wasn't constrained by moral and social mores.

It also helped that Batra, by his own admission, is averse to neatly resolving conflicts with happy endings. Instead, he likes to tell stories that are "open to interpretation and conversation". His filmography is proof. Both his previous films have turned the idea of a conventional film ending on its head and have, instead, resembled the start of a new beginning. "I don't think that a happy ending makes [for] a satisfying ending," admits the filmmak-

er. In that sense, Batra's ability to nurture his distinct voice feels even more risky when you consider that he makes mainstream movies for Dharma Productions, a production house that has greatly relied on selling saccharine romances and family sagas for decades.

In the past two decades, Batra has tried his hand at every storytelling format he found at his disposal. Whether it is 'Genius of the Year', the viral *All India Bakchod* parody, starring Alia Bhatt and her IQ skills, or the 30-second ads he shot for brands like MakeMyTrip and Google. Last year, Batra even dabbled in non-fiction storytelling. After his widely anticipated Osho biopic was shelved in 2019, Batra moved on to creating and executive producing *Searching for Sheela* (2020), the bland Netflix documentary on the cult leader's secretary. Although no one is credited for directing *Searching for Sheela*, the task of finishing the project eventually landed in Batra's lap. It instilled in him a deep fascination for the medium. "It's limiting because as a storyteller you have to manoeuvre your story around the footage you have. But it's also open in the sense that you decide the spine of the story."

As a director, Batra is meticulous and fond of control. He likes improvising on set the same way he likes planning everything that is going to happen there. As Batra found out with *Searching for Sheela*, non-fiction poses more surprises. But to his own surprise, he found himself enjoying the uncertainty. "I liked the fact that the story tells you in which direction it is going," adds Batra. "I don't think *Searching for Sheela* landed the way I would have ideally wanted it to, but the learning has been so immense that I really want to venture into non-fiction storytelling one more time." ■

–Poulomi Das

CHANGING THE SCRIPT

In 2021, National Award-winning filmmaker **Nagraj Manjule** *was slated to make his widely anticipated Hindi debut with* Jhund, *the sports drama headlined by Amitabh Bachchan. But with theatres being shut due to the brutal second wave of the pandemic,* Jhund *didn't end up releasing last year. In 2022, Manjule quietly flips the script with* Vaikunth, *his 25-minute short in* Unpaused: Naya Safar, *Amazon Prime Video's lockdown anthology. Not only does* Vaikunth*—easily the most accomplished film of the lot—now mark the Marathi filmmaker's Hindi acting and directing debut, it also paints a haunting portrait of Covid mass cremations.*

Q. You've co-written, directed, and acted in *Vaikunth*. Looking back, what was the most challenging part of pulling the film off?

I'm more comfortable when I'm directing. When I'm acting, I feel pressured. It's more fear-based. Because as an actor, if I don't get it right, I'm also letting myself down. The worst part is that I don't exactly know how much I've succeeded in getting inside the character's mind. I relied on the responses of my collaborators on set more than my instincts. If they didn't like a take, I would do the scene again.

MANDAR DEODHAR

"I'm more comfortable when I'm directing. When I'm acting, I feel pressured. As an actor, if I don't get it right, I'm also letting myself down"

Q. Are you the kind of director who knows exactly what needs to be done once you are on set?

I'm not the kind of director who is averse to improvisation on set. Still, the outline of my script never changes—what alters is how an actor chooses to interpret the emotions. I think that's important because when you write a character, you are sitting alone in your room and creating them in your mind. It's when you cast an actor that your character comes to life, so it's necessary that I remain open to that input as long as the interpretation doesn't differ too much.

Q. For a film that essentially measures the severity of Covid death tolls, how did you go about capturing the sound of grief?

There is minimal dialogue in *Vaikunth*. I feel the tone of any film isn't just set by its dialogue. There are things only sound can convey. *Vaikunth* is set in a crematorium overflowing with dead bodies. So, the screams, wails and tears of the bereaved succinctly capture the atmosphere better than any conversation can.

Q. Your only co-actor in this film is a child. Is there a framework you follow when directing a child?

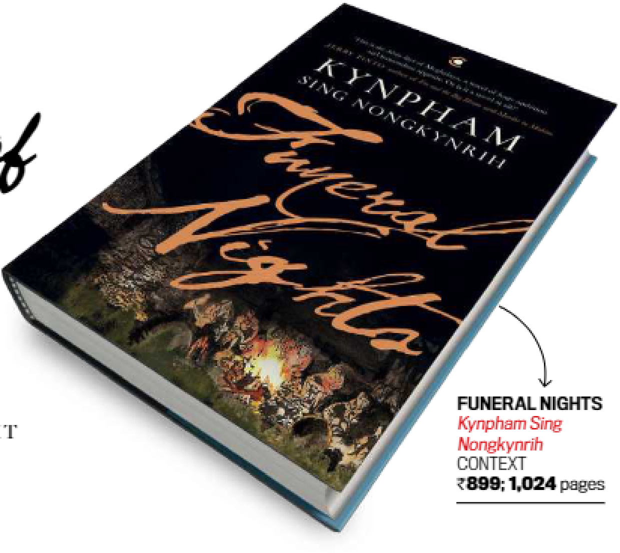
The idea is to not tell the child actor what to do but to try to get something out of them. I prefer explaining the emotions scene by scene. I don't believe in disclosing the script to them because understanding the script is not their job at all. Kids tend to get scared in front of a camera. As a director, it's important to give them confidence. ■

–with Poulomi Das

BOOKS

Matters of Life and Death

THE STORIES OF DEATH THAT CHARACTERS SHARE IN THIS 1,000-PAGE BOOK ARE RIVETING, BUT WHAT MAKES IT TRULY UNPUTDOWNABLE ARE THE VITAL CONNECTIONS IT DRAWS TO DAILY LIFE



FUNERAL NIGHTS
Kynpham Sing Nongkynrih
CONTEXT
₹**899**; **1,024** pages

ON MY BRUISED AND BATTERED copy of Vikram Seth's '90s classic *A Suitable Boy*, there are numerous blurbs, but one has stuck through multiple rereads: "Not so much postmodern as pre-modern." It's a subtle compliment, for it draws attention to certain narrative traits found in medieval literature: artful digression, allusive exaggeration, collective wisdom, the gradual concatenation of stories-upon-stories. All of these also happen to be true for Kynpham Sing Nongkynrih's *Funeral Nights*, a 1,000-page doorstopper recently published by Context.

Over a decade in the making, *Funeral Nights* is structured along the lines of pre-modern texts like Chaucer's *The Canterbury Tales*: travellers converge at a certain symbolic location and exchange tales; gradually, these tales 'interact' and grow to become more than the sum of their parts. In *Funeral Nights*, this convergence is brought about thanks to Ka Phor Sorat, the feast of the dead, a six-day funeral ritual observed by the Lyngngams (a Khasi sub-tribe).

Death is never far away from the 'action' in this book. Characters trade stories about death at the drop of a hat, and often continue these stories to explain the idiosyncrasies of their various family traditions around funerals. Like this passage, deep into the novel's second half, describing a unique 'leave-taking' ceremony: "Victor told me the ceremony was called *kai-kong*, literally, 'visiting houses'. Before the body could be taken to the cremation hill, he explained, it had to be carried to the houses of the maternal and paternal relations of the deceased as a kind of leave-taking. (...) Incongruously, the visit reminded me of a politician on a door-to-door visit."

> In **FUNERAL NIGHTS**, characters trade stories to explain the idiosyncrasies of their various family traditions around funerals

As you can surmise, the novel's dominant tonality is 'drily funny', although the second half, especially, shows off an impressive range of voices and styles.

It's tempting to paint *Funeral Nights* as a text about Khasi identity, an act of literary and cultural assertion. But that would be doing the author a disservice, for *Funeral Nights* is so much more: it's just as much about existential doubt, for instance. Questions like, 'Do I know my own culture?' or 'How justified is calling so-and-so person an "outsider" when my own status is liminal at best?' These are vitally important questions today, when the headlines are dominated by mass disenfranchisement and widespread 'Othering'. For this, and scores of other reasons, *Funeral Nights* is both astute and timely. Pile-drive through it in two weeks or ruminate across several months—but make sure you read one of the best novels of the year gone by. ■

—Aditya Mani Jha

OPEN BOOK

A ROUNDUP OF NEWLY RELEASED FICTION

adam
S. Hareesh

ADAM
by S. Hareesh; translated by Jayasree Kalathil
VINTAGE
₹**399; 192** pages

In this collection of nine unusual short stories, S. Hareesh, a winner of the JCB Prize for Literature, makes sense of emotions we find hard to contain—lust, anger, envy, vengeance, greed.

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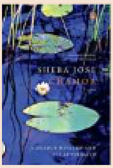

CHAMOR
by Sheba Jose
VINTAGE
₹**599; 312** pages

Seen through the eyes of its young protagonist, *Chamor* and its many events can be both delicate and devastating. Set in a Kerala family plantation, Jose explores childhood as sharply as she does loss.

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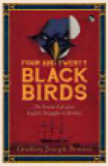


FOUR AND TWENTY BLACKBIRDS: The Insane Life of an English Smuggler in Bombay
by Godfrey Joseph Pereira
SPEAKING TIGER
₹**499; 296** pages

This novel tells the story of Charlie Strongbow—a renegade Englishman, mercenary, philosopher and schizophrenic—who embarks on a bizarre journey that will see him win it all but, finally, lose himself.

BOOKS

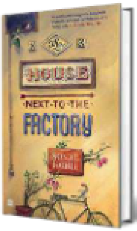
Capturing India's Many Moods

Sonali Kohli's recent collection of short stories encourages us to live more fully and attentively

When all else fails, are we necessarily forced to seek refuge in the inanimate objects encircling us? Does the comfort routine add some personality to our days? American novelist Don DeLillo, in his 1988 novel *Libra*, makes a startling observation—"Some people don't believe in God but they colour eggs at Easter just to change the pattern of their days."

Sonal Kohli's debut collection of short stories is not a study of loneliness, far from it. It is neither an indictment of a country weighed down by its pre-liberalisation era blues, nor a criticism of our plodding ways as a people sceptical of change, of sudden economic shifts, and who fear the stranger. But the people inhabiting these worlds do indeed "colour their Easter eggs".

In '10 Bela Road', we see how the prospect of an ancestral house being sold off doesn't necessarily elicit melodrama from its inhabitants but almost a surrender to the demon that is time. "What if the house knows we are selling it?" ponders the narrator. "I look up, and the house looks back kind of sad." While in 'Other Side of Town', we see how the relationship between two characters (one lovingly named Johnny Walker, the other Rani) goes through multiple gradations—each one finer than the one before. His love for her never quite seems to materialise fully but there is never any resentment from Rani. Kohli is not interested in what messes us up but rather what holds us together along one tight, unbroken seam.



THE HOUSE NEXT TO THE FACTORY
by Sonal Kohli
FOURTH ESTATE
₹**499; 196 pages**

SONAL KOHLI IS NOT INTERESTED IN WHAT MESSES US UP, BUT WHAT HOLDS US TOGETHER

In this collection of nine short stories, one that successfully manages to capture the emotional mood of a nation from the early '70s to nearly the present day, Kohli wields both brevity and ambition to present a simple argument: life is what happens to us when we are most attentive and in sync with the changes threatening the scales on which the living world is balanced.

What gives these nine, slightly interlinked stories a sense of both uneasy calm and acceptance is Kohli's ability to condense the markers of what truly constitutes the human experience in instantly relatable visuals. So, a dog chooses to mark his spot by peeing on mint tea in the night; the sari fabric sticks between a woman's legs while an unbridled desire to hug her first paycheck makes her smile; palms are opened to let fingers slip in as a gesture of safety; and the sweet hint of jasmine wafts through a car as it merges with the sweeter *alaap* of Farida Khanum.

In *The House Next to The Factory*, you will encounter worlds that might be precisely yours, if only you are brave enough to acknowledge their simplicity. Kohli's characters will equally echo in the clang of your kitchen's old brassware on a weekend, the dusty mirror faithfully capturing your family in flux. ■

—Arman Khan

Q+A

FOR A GOOD CAUSE

As she gears up for the release of her new film Badhaai Do, *actor* ***Bhumi Pednekar*** *seems intent on breaking yet more social taboos with her cinema*

Q. In *Badhaai Do*, your character is a lesbian in a marriage of convenience with a gay policeman (Rajkummar Rao). What can we expect?

The beauty of the film is that it makes you laugh, but not at the cost of the two characters. It looks at same-sex relationship from a humane perspective. Sumi [her character] is like anyone—she seeks love and freedom. She's a coward at times, but then very brave at other times.

Q. *Toilet: Ek Prem Katha, Saand ki Aankh, Sonchiriya, Bala*...you lean towards films that touch on social issues. Do you think films can change people's mindsets?

I really hope so. Cinema needs to have a larger meaning. The idea of *Badhaai Do* is that we and our families accept us for who we are. That is easier said than done. It does force you to think about your choices and opinions.

Q. *Badhaai Do* is being called a "spiritual sequel" to *Badhaai Ho*, which was a hit family entertainer. How alike are they?

The franchise stands for breaking taboos. There's a certain amount of conditioning that we have had through generations that makes us think in only one way. There are so many biases and that's what the franchise seeks to change.

Q. You have carved a niche for playing women with a cause. In 2022, you seem to be mixing it up with a few mainstream films like *Raksha Bandhan* and *Govinda Naam Mera*.

I try to keep a balance. I play characters I love; it could be five scenes or a film based completely around me. I don't see how commercial it is and I don't believe in formula. My ethos is always to play strongly-etched parts. I want a legacy.

—with Suhani Singh

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